

SENATE BILL NO. 54

January 23, 2019, Introduced by Senators SCHMIDT, CHANG, HORN, ZORN and IRWIN and referred to the Committee on Finance.

A bill to amend 1967 PA 281, entitled
"Income tax act of 1967,"
(MCL 206.1 to 206.713) by adding sections 266a and 675.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 266a. (1) A qualified taxpayer with a rehabilitation plan
2 certified after December 31, 2018 may credit against the tax
3 imposed by this part the amount determined pursuant to subsection
4 (2) for the qualified expenditures for the rehabilitation of a
5 historic resource pursuant to the rehabilitation plan in the year
6 in which the certification of completed rehabilitation of the

1 historic resource is issued. Only those expenditures that are paid
2 or incurred during the time periods prescribed for the credit under
3 section 47(a)(2) of the internal revenue code and any related
4 treasury regulations shall be considered qualified expenditures.

5 (2) The credit allowed under this section shall be 25% of the
6 qualified expenditures that are eligible, or would have been
7 eligible except that the taxpayer elected to transfer the credit
8 under subsection (10), for the credit under section 47(a)(2) of the
9 internal revenue code if the taxpayer is eligible for the credit
10 under section 47(a)(2) of the internal revenue code or, if the
11 taxpayer is not eligible for the credit under section 47(a)(2) of
12 the internal revenue code, 25% of the qualified expenditures that
13 would qualify under section 47(a)(2) of the internal revenue code
14 except that the expenditures are made to a historic resource that
15 is not eligible for the credit under section 47(a)(2) of the
16 internal revenue code, subject to both of the following:

17 (a) A taxpayer with qualified expenditures that are eligible
18 for the credit under section 47(a)(2) of the internal revenue code
19 may not claim a credit under this section for those qualified
20 expenditures unless the taxpayer has claimed and received a credit
21 for those qualified expenditures under section 47(a)(2) of the
22 internal revenue code or the taxpayer has elected to transfer the
23 credit under subsection (10).

24 (b) A credit under this section shall be reduced by the amount
25 of a credit received by the taxpayer for the same qualified
26 expenditures under section 47(a)(2) of the internal revenue code.

27 (3) To be eligible for the credit under this section, the
28 taxpayer shall apply to and receive certification from the Michigan
29 state housing development authority that the historic significance,

1 the rehabilitation plan, and the completed rehabilitation of the
2 historic resource meet the criteria under subsection (6) and either
3 of the following:

4 (a) All of the following criteria:

5 (i) The historic resource contributes to the significance of
6 the historic district in which it is located.

7 (ii) Both the rehabilitation plan and completed rehabilitation
8 of the historic resource meet the federal secretary of the
9 interior's standards for rehabilitation and guidelines for
10 rehabilitating historic buildings, 36 CFR part 67.

11 (iii) All rehabilitation work has been done to or within the
12 walls, boundaries, or structures of the historic resource or to
13 historic resources located within the property boundaries of the
14 resource.

15 (b) The taxpayer has received certification from the national
16 park service that the historic resource's significance, the
17 rehabilitation plan, and the completed rehabilitation qualify for
18 the credit allowed under section 47(a)(2) of the internal revenue
19 code.

20 (4) If a qualified taxpayer is eligible for the credit allowed
21 under section 47(a)(2) of the internal revenue code, the qualified
22 taxpayer shall file for certification with the authority to qualify
23 for the credit allowed under section 47(a)(2) of the internal
24 revenue code. If the qualified taxpayer has previously filed for
25 certification with the authority to qualify for the credit allowed
26 under section 47(a)(2) of the internal revenue code, additional
27 filing for the credit allowed under this section is not required.

28 (5) The authority may inspect a historic resource at any time
29 during the rehabilitation process and may revoke certification of

1 completed rehabilitation if the rehabilitation was not undertaken
2 as represented in the rehabilitation plan or if unapproved
3 alterations to the completed rehabilitation are made during the 5
4 years after the tax year in which the credit was claimed. The
5 authority shall promptly notify the department of a revocation.

6 (6) Qualified expenditures for the rehabilitation of a
7 historic resource may be used to calculate the credit under this
8 section if the historic resource meets 1 of the criteria listed in
9 subdivision (a) and 1 of the criteria listed in subdivision (b):

10 (a) The resource is 1 of the following during the tax year in
11 which a credit under this section is claimed for those qualified
12 expenditures:

13 (i) Individually listed on the National Register of Historic
14 Places or state register of historic sites.

15 (ii) A contributing resource located within a historic district
16 listed on the National Register of Historic Places or the state
17 register of historic sites.

18 (iii) A contributing resource located within a historic district
19 designated by a local unit pursuant to an ordinance adopted under
20 the local historic districts act, 1970 PA 169, MCL 399.201 to
21 399.215.

22 (b) The resource meets 1 of the following criteria during the
23 tax year in which a credit under this section is claimed for those
24 qualified expenditures:

25 (i) The historic resource is located in a designated historic
26 district in a local unit of government with an existing ordinance
27 under the local historic districts act, 1970 PA 169, MCL 399.201 to
28 399.215.

29 (ii) The historic resource is located in an incorporated local

1 unit of government that does not have an ordinance under the local
2 historic districts act, 1970 PA 169, MCL 399.201 to 399.215, and
3 has a population of less than 5,000.

4 (iii) The historic resource is located in an unincorporated
5 local unit of government.

6 (iv) The historic resource is located in an incorporated local
7 unit of government that does not have an ordinance under the local
8 historic districts act, 1970 PA 169, MCL 399.201 to 399.215, and is
9 located within the boundaries of an association that has been
10 chartered under 1889 PA 39, MCL 455.51 to 455.72.

11 (v) The historic resource is subject to a historic
12 preservation easement.

13 (7) A credit amount assigned under section 675 may be claimed
14 against the partner's, member's, or shareholder's tax liability
15 under this part as provided in section 675.

16 (8) If the credit allowed under this section for the tax year
17 and any unused carryforward of the credit allowed by this section
18 exceed the taxpayer's tax liability for the tax year, that portion
19 that exceeds the tax liability for the tax year shall not be
20 refunded but may be carried forward to offset tax liability in
21 subsequent tax years for 10 years or until used up, whichever
22 occurs first. If the credit amount allowed is less than
23 \$250,000.00, a qualified taxpayer may elect to forgo the carryover
24 period and receive a refund of the amount of the credit that
25 exceeds the qualified taxpayer's tax liability. The amount of the
26 refund shall be equal to 90% of the amount of the credit that
27 exceeds the qualified taxpayer's tax liability. An election under
28 this subsection shall be made in the year that a certificate of
29 completed rehabilitation is issued and shall be irrevocable.

1 (9) If a certificate of completed rehabilitation is revoked
2 under subsection (5) or if the historic resource is sold or
3 disposed of less than 5 years after being placed in service as
4 defined in section 47(b)(1) of the internal revenue code and
5 related treasury regulations, the following percentage of the
6 credit amount previously claimed relative to that historic resource
7 shall be added back to the tax liability of the qualified taxpayer
8 that received the certificate of completed rehabilitation and not
9 the assignee in the year of the revocation:

10 (a) If the revocation is less than 1 year after the historic
11 resource is placed in service, 100%.

12 (b) If the revocation is at least 1 year but less than 2 years
13 after the historic resource is placed in service, 80%.

14 (c) If the revocation is at least 2 years but less than 3
15 years after the historic resource is placed in service, 60%.

16 (d) If the revocation is at least 3 years but less than 4
17 years after the historic resource is placed in service, 40%.

18 (e) If the revocation is at least 4 years but less than 5
19 years after the historic resource is placed in service, 20%.

20 (f) If the revocation is at least 5 years or more after the
21 historic resource is placed in service, an addback to the qualified
22 taxpayer tax liability is not required.

23 (10) A qualified taxpayer may elect to forgo claiming the
24 credit and transfer the credit along with the ownership of the
25 property for which the credit may be claimed to a new owner. The
26 new owner shall be treated as the qualified taxpayer having
27 incurred the rehabilitation costs and shall be subject to the
28 recapture provisions under subsection (9) if the new owner sells or
29 disposes of the property within 5 years after the new owner

1 acquired the property. For purposes of this subsection and
2 subsection (9), the placed in service date for a new owner is the
3 date the new owner acquired the property for which the credit is
4 claimed.

5 (11) The authority may impose a fee to cover the
6 administrative cost of implementing the program under this section.

7 (12) The qualified taxpayer shall attach all of the following
8 to the qualified taxpayer's annual return under this part:

9 (a) Certification of completed rehabilitation.

10 (b) Certification of historic significance related to the
11 historic resource and the qualified expenditures used to claim a
12 credit under this section.

13 (c) A completed assignment form if the qualified taxpayer is
14 an assignee under section 675 of any portion of a credit allowed
15 under that section.

16 (13) The authority may promulgate rules to implement this
17 section pursuant to the administrative procedures act of 1969, 1969
18 PA 306, MCL 24.201 to 24.328.

19 (14) The total of the credits claimed under this section and
20 section 675 for a rehabilitation project shall not exceed 25% of
21 the total qualified expenditures eligible for the credit under this
22 section for that rehabilitation project.

23 (15) The authority shall report all of the following to the
24 legislature annually for the immediately preceding state fiscal
25 year:

26 (a) The fee schedule used by the center and the total amount
27 of fees collected.

28 (b) A description of each rehabilitation project certified.

29 (c) The location of each new and ongoing rehabilitation

1 project.

2 (16) As used in this section:

3 (a) "Contributing resource" means a historic resource that
4 contributes to the significance of the historic district in which
5 it is located.

6 (b) "Historic district" means an area, or group of areas not
7 necessarily having contiguous boundaries, that contains 1 resource
8 or a group of resources that are related by history, architecture,
9 archaeology, engineering, or culture.

10 (c) "Historic resource" means a publicly or privately owned
11 historic building, structure, site, object, feature, or open space
12 located within a historic district designated by the National
13 Register of Historic Places, the state register of historic sites,
14 or a local unit acting under the local historic districts act, 1970
15 PA 169, MCL 399.201 to 399.215; or that is individually listed on
16 the state register of historic sites or National Register of
17 Historic Places and includes all of the following:

18 (i) An owner-occupied personal residence or a historic resource
19 located within the property boundaries of that personal residence.

20 (ii) An income-producing commercial, industrial, or residential
21 resource or a historic resource located within the property
22 boundaries of that resource.

23 (iii) A resource owned by a governmental body, nonprofit
24 organization, or tax-exempt entity that is used primarily by a
25 taxpayer lessee in a trade or business unrelated to the
26 governmental body, nonprofit organization, or tax-exempt entity and
27 that is subject to tax under this part.

28 (iv) A resource that is occupied or utilized by a governmental
29 body, nonprofit organization, or tax-exempt entity pursuant to a

1 long-term lease or lease with option to buy agreement.

2 (v) Any other resource that could benefit from rehabilitation.

3 (d) "Local unit" means a county, city, village, or township.

4 (e) "Long-term lease" means a lease term of at least 27.5
5 years for a residential resource or at least 31.5 years for a
6 nonresidential resource.

7 (f) "Michigan state housing development authority" or
8 "authority" means the public body corporate and politic created by
9 section 21 of the state housing development authority act of 1966,
10 1966 PA 346, MCL 125.1421.

11 (g) "Open space" means undeveloped land, a naturally
12 landscaped area, or a formal or man-made landscaped area that
13 provides a connective link or a buffer between other resources.

14 (h) "Person" means an individual, partnership, corporation,
15 association, governmental entity, or other legal entity.

16 (i) "Qualified expenditures" means capital expenditures that
17 qualify, or would qualify except that the taxpayer elected to
18 transfer the credit under subsection (10), for a rehabilitation
19 credit under section 47(a)(2) of the internal revenue code if the
20 taxpayer is eligible for the credit under section 47(a)(2) of the
21 internal revenue code or, if the taxpayer is not eligible for the
22 credit under section 47(a)(2) of the internal revenue code, the
23 qualified expenditures that would qualify under section 47(a)(2) of
24 the internal revenue code except that the expenditures are made to
25 a historic resource that is not eligible for the credit under
26 section 47(a)(2) of the internal revenue code, that were paid.
27 Qualified expenditures do not include capital expenditures for
28 nonhistoric additions to a historic resource except an addition
29 that is required by state or federal regulations that relate to

1 historic preservation, safety, or accessibility.

2 (j) "Qualified taxpayer" means a person that is an assignee
3 under section 675 or either owns the resource to be rehabilitated
4 or has a long-term lease agreement with the owner of the historic
5 resource and that has qualified expenditures for the rehabilitation
6 of the historic resource equal to or greater than 10% of the state
7 equalized valuation of the property. If the historic resource to be
8 rehabilitated is a portion of a historic or nonhistoric resource,
9 the state equalized valuation of only that portion of the property
10 shall be used for purposes of this subdivision. If the assessor for
11 the local tax collecting unit in which the historic resource is
12 located determines the state equalized valuation of that portion,
13 that assessor's determination shall be used for purposes of this
14 subdivision. If the assessor does not determine that state
15 equalized valuation of that portion, qualified expenditures, for
16 purposes of this subdivision, shall be equal to or greater than 5%
17 of the appraised value as determined by a certified appraiser. If
18 the historic resource to be rehabilitated does not have a state
19 equalized valuation, qualified expenditures for purposes of this
20 subdivision shall be equal to or greater than 5% of the appraised
21 value of the resource as determined by a certified appraiser.

22 (k) "Rehabilitation plan" means a plan for the rehabilitation
23 of a historic resource that meets the federal Secretary of the
24 Interior's standards for rehabilitation and guidelines for
25 rehabilitation of historic buildings under 36 CFR part 67.

26 Sec. 675. (1) A qualified taxpayer with a rehabilitation plan
27 certified after December 31, 2018 may credit against the tax
28 imposed by this part the amount determined pursuant to subsection
29 (2) for the qualified expenditures for the rehabilitation of a

1 historic resource pursuant to the rehabilitation plan in the year
2 in which the certification of completed rehabilitation of the
3 historic resource is issued. Only those expenditures that are paid
4 or incurred during the time periods prescribed for the credit under
5 section 47(a)(2) of the internal revenue code and any related
6 treasury regulations shall be considered qualified expenditures.

7 (2) The credit allowed under this subsection shall be 25% of
8 the qualified expenditures that are eligible, or would have been
9 eligible except that the taxpayer entered into an agreement under
10 subsection (10), for the credit under section 47(a)(2) of the
11 internal revenue code if the taxpayer is eligible for the credit
12 under section 47(a)(2) of the internal revenue code or, if the
13 taxpayer is not eligible for the credit under section 47(a)(2) of
14 the internal revenue code, 25% of the qualified expenditures that
15 would qualify under section 47(a)(2) of the internal revenue code
16 except that the expenditures are made to a historic resource that
17 is not eligible for the credit under section 47(a)(2) of the
18 internal revenue code, subject to both of the following:

19 (a) A taxpayer with qualified expenditures that are eligible
20 for the credit under section 47(a)(2) of the internal revenue code
21 may not claim a credit under this section for those qualified
22 expenditures unless the taxpayer has claimed and received a credit
23 for those qualified expenditures under section 47(a)(2) of the
24 internal revenue code or the taxpayer has entered into an agreement
25 under subsection (10).

26 (b) A credit under this subsection shall be reduced by the
27 amount of a credit received by the taxpayer for the same qualified
28 expenditures under section 47(a)(2) of the internal revenue code.

29 (3) To be eligible for the credit under subsection (2), the

1 taxpayer shall apply to and receive certification from the Michigan
2 state housing development authority that the historic significance,
3 the rehabilitation plan, and the completed rehabilitation of the
4 historic resource meet the criteria under subsection (6) and either
5 of the following:

6 (a) All of the following criteria:

7 (i) The historic resource contributes to the significance of
8 the historic district in which it is located.

9 (ii) Both the rehabilitation plan and completed rehabilitation
10 of the historic resource meet the federal Secretary of the
11 Interior's standards for rehabilitation and guidelines for
12 rehabilitating historic buildings, 36 CFR part 67.

13 (iii) All rehabilitation work has been done to or within the
14 walls, boundaries, or structures of the historic resource or to
15 historic resources located within the property boundaries of the
16 property.

17 (b) The taxpayer has received certification from the National
18 Park Service that the historic resource's significance, the
19 rehabilitation plan, and the completed rehabilitation qualify for
20 the credit allowed under section 47(a)(2) of the internal revenue
21 code.

22 (4) If a qualified taxpayer is eligible for the credit allowed
23 under section 47(a)(2) of the internal revenue code, the qualified
24 taxpayer shall file for certification with the authority to qualify
25 for the credit allowed under section 47(a)(2) of the internal
26 revenue code. If the qualified taxpayer has previously filed for
27 certification with the authority to qualify for the credit allowed
28 under section 47(a)(2) of the internal revenue code, additional
29 filing for the credit allowed under this section is not required.

1 (5) The authority may inspect a historic resource at any time
2 during the rehabilitation process and may revoke certification of
3 completed rehabilitation if the rehabilitation was not undertaken
4 as represented in the rehabilitation plan or if unapproved
5 alterations to the completed rehabilitation are made during the 5
6 years after the tax year in which the credit was claimed. The
7 authority shall promptly notify the department of a revocation.

8 (6) Qualified expenditures for the rehabilitation of a
9 historic resource may be used to calculate the credit under this
10 section if the historic resource meets 1 of the criteria listed in
11 subdivision (a) and 1 of the criteria listed in subdivision (b):

12 (a) The resource is 1 of the following during the tax year in
13 which a credit under this section is claimed for those qualified
14 expenditures:

15 (i) Individually listed on the National Register of Historic
16 Places or state register of historic sites.

17 (ii) A contributing resource located within a historic district
18 listed on the National Register of Historic Places or the state
19 register of historic sites.

20 (iii) A contributing resource located within a historic district
21 designated by a local unit pursuant to an ordinance adopted under
22 the local historic districts act, 1970 PA 169, MCL 399.201 to
23 399.215.

24 (b) The resource meets 1 of the following criteria during the
25 tax year in which a credit under this section is claimed for those
26 qualified expenditures:

27 (i) The historic resource is located in a designated historic
28 district in a local unit of government with an existing ordinance
29 under the local historic districts act, 1970 PA 169, MCL 399.201 to

1 399.215.

2 (ii) The historic resource is located in an incorporated local
3 unit of government that does not have an ordinance under the local
4 historic districts act, 1970 PA 169, MCL 399.201 to 399.215, and
5 has a population of less than 5,000.

6 (iii) The historic resource is located in an unincorporated
7 local unit of government.

8 (iv) The historic resource is located in an incorporated local
9 unit of government that does not have an ordinance under the local
10 historic districts act, 1970 PA 169, MCL 399.201 to 399.215, and is
11 located within the boundaries of an association that has been
12 chartered under 1889 PA 39, MCL 455.51 to 455.72.

13 (v) The historic resource is subject to a historic
14 preservation easement.

15 (7) A qualified taxpayer may assign all or any portion of the
16 credit allowed under this section. A credit assignment under this
17 subsection is irrevocable and shall be made in the tax year in
18 which a certificate of completed rehabilitation is issued. A
19 qualified taxpayer may claim a portion of a credit and assign the
20 remaining amount. If the qualified taxpayer both claims and assigns
21 portions of the credit, the qualified taxpayer shall claim the
22 portion it claims in the tax year in which a certificate of
23 completed rehabilitation is issued pursuant to this section. An
24 assignee may subsequently assign the credit or any portion of the
25 credit assigned under this subsection to 1 or more assignees. An
26 assignment or subsequent reassignment of a credit can be made in
27 the year the certificate of completed rehabilitation is issued. A
28 credit assignment or subsequent reassignment under this section
29 shall be made on a form prescribed by the department. The

1 department or its designee shall review and issue a completed
2 assignment or reassignment certificate to the assignee or
3 reassignee. A credit amount assigned under this subsection may be
4 claimed against the assignees' tax under this part or part 1. An
5 assignee or subsequent reassignee shall attach a copy of the
6 completed assignment certificate to the annual return required to
7 be filed under this part for the tax year in which the assignment
8 or reassignment is made and the assignee or reassignee first claims
9 the credit, which shall be the same tax year.

10 (8) If the credit allowed under this section for the tax year
11 and any unused carryforward of the credit allowed by this section
12 exceed the taxpayer's tax liability for the tax year, that portion
13 that exceeds the tax liability for the tax year shall not be
14 refunded but may be carried forward to offset tax liability in
15 subsequent tax years for 10 years or until used up, whichever
16 occurs first. If a qualified taxpayer has an unused carryforward of
17 a credit under this section, the amount otherwise added under
18 subsection (9) to the qualified taxpayer's tax liability may
19 instead be used to reduce the qualified taxpayer's carryforward
20 under this section. If the credit amount allowed is less than
21 \$250,000.00, a qualified taxpayer may elect to forgo the carryover
22 period and receive a refund of the amount of the credit that
23 exceeds the qualified taxpayer's tax liability. The amount of the
24 refund shall be equal to 90% of the amount of the credit that
25 exceeds the qualified taxpayer's tax liability. An election under
26 this subsection shall be made in the year that a certificate of
27 completed rehabilitation is issued and shall be irrevocable.

28 (9) Except as otherwise provided under subsection (10), if a
29 certificate of completed rehabilitation is revoked under subsection

1 (5) or a historic resource is sold or disposed of less than 5 years
2 after the historic resource is placed in service as defined in
3 section 47(b)(1) of the internal revenue code and related treasury
4 regulations, the following percentage of the credit amount
5 previously claimed relative to that historic resource shall be
6 added back to the tax liability of the qualified taxpayer that
7 received the certificate of completed rehabilitation and not the
8 assignee in the year of the revocation:

9 (a) If the revocation is less than 1 year after the historic
10 resource is placed in service, 100%.

11 (b) If the revocation is at least 1 year but less than 2 years
12 after the historic resource is placed in service, 80%.

13 (c) If the revocation is at least 2 years but less than 3
14 years after the historic resource is placed in service, 60%.

15 (d) If the revocation is at least 3 years but less than 4
16 years after the historic resource is placed in service, 40%.

17 (e) If the revocation is at least 4 years but less than 5
18 years after the historic resource is placed in service, 20%.

19 (f) If the revocation is at least 5 years or more after the
20 historic resource is placed in service, an addback to the qualified
21 taxpayer tax liability is not required.

22 (10) Subsection (9) shall not apply if the qualified taxpayer
23 enters into a written agreement with the authority that will allow
24 for the transfer or sale of the historic resource and provides the
25 following:

26 (a) Reasonable assurance that subsequent to the transfer the
27 property will remain a historic resource during the 5-year period
28 after the historic resource is placed in service.

29 (b) A method that the department can recover an amount from

1 the taxpayer equal to the appropriate percentage of credit added
2 back as described under subsection (9).

3 (c) An encumbrance on the title to the historic resource being
4 sold or transferred, stating that the property must remain a
5 historic resource throughout the 5-year period after the historic
6 resource is placed in service.

7 (d) A provision for the payment by the taxpayer of all legal
8 and professional fees associated with the drafting, review, and
9 recording of the written agreement required under this subsection.

10 (11) The authority may impose a fee to cover the
11 administrative cost of implementing the program under this section.

12 (12) The qualified taxpayer shall attach all of the following
13 to the qualified taxpayer's annual return required under this part,
14 if applicable, on which the credit is claimed:

15 (a) Certification of completed rehabilitation.

16 (b) Certification of historic significance related to the
17 historic resource and the qualified expenditures used to claim a
18 credit under this section.

19 (c) A completed assignment form if the qualified taxpayer or
20 assignee has assigned any portion of a credit allowed under this
21 section or if the taxpayer is an assignee of any portion of a
22 credit allowed under this section.

23 (13) The authority may promulgate rules to implement this
24 section pursuant to the administrative procedures act of 1969, 1969
25 PA 306, MCL 24.201 to 24.328.

26 (14) The total of the credits claimed under subsection (2) and
27 section 266a for a rehabilitation project shall not exceed 25% of
28 the total qualified expenditures eligible for the credit under
29 subsection (2) for that rehabilitation project.

1 (15) The authority shall report all of the following to the
2 legislature annually for the immediately preceding state fiscal
3 year:

4 (a) The fee schedule used by the authority and the total
5 amount of fees collected.

6 (b) A description of each rehabilitation project certified.

7 (c) The location of each new and ongoing rehabilitation
8 project.

9 (16) As used in this section:

10 (a) "Contributing resource" means a historic resource that
11 contributes to the significance of the historic district in which
12 it is located.

13 (b) "Historic district" means an area, or group of areas not
14 necessarily having contiguous boundaries, that contains 1 resource
15 or a group of resources that are related by history, architecture,
16 archaeology, engineering, or culture.

17 (c) "Historic resource" means a publicly or privately owned
18 historic building, structure, site, object, feature, or open space
19 located within a historic district designated by the National
20 Register of Historic Places, the state register of historic sites,
21 or a local unit acting under the local historic districts act, 1970
22 PA 169, MCL 399.201 to 399.215, or that is individually listed on
23 the state register of historic sites or National Register of
24 Historic Places, and includes all of the following:

25 (i) An owner-occupied personal residence or a historic resource
26 located within the property boundaries of that personal residence.

27 (ii) An income-producing commercial, industrial, or residential
28 resource or a historic resource located within the property
29 boundaries of that resource.

1 (iii) A resource owned by a governmental body, nonprofit
2 organization, or tax-exempt entity that is used primarily by a
3 taxpayer lessee in a trade or business unrelated to the
4 governmental body, nonprofit organization, or tax-exempt entity and
5 that is subject to tax under this act.

6 (iv) A resource that is occupied or utilized by a governmental
7 body, nonprofit organization, or tax-exempt entity pursuant to a
8 long-term lease or lease with option to buy agreement.

9 (v) Any other resource that could benefit from rehabilitation.

10 (d) "Local unit" means a county, city, village, or township.

11 (e) "Long-term lease" means a lease term of at least 27.5
12 years for a residential resource or at least 31.5 years for a
13 nonresidential resource.

14 (f) "Michigan state housing development authority" or
15 "authority" means the public body corporate and politic created by
16 section 21 of the state housing development authority act of 1966,
17 1966 PA 346, MCL 125.1421.

18 (g) "Open space" means undeveloped land, a naturally
19 landscaped area, or a formal or man-made landscaped area that
20 provides a connective link or a buffer between other resources.

21 (h) "Person" means an individual, partnership, corporation,
22 association, governmental entity, or other legal entity.

23 (i) "Qualified expenditures" means capital expenditures that
24 qualify, or would qualify except that the taxpayer entered into an
25 agreement under subsection (10), for a rehabilitation credit under
26 section 47(a)(2) of the internal revenue code if the taxpayer is
27 eligible for the credit under section 47(a)(2) of the internal
28 revenue code or, if the taxpayer is not eligible for the credit
29 under section 47(a)(2) of the internal revenue code, the qualified

1 expenditures that would qualify under section 47(a)(2) of the
2 internal revenue code except that the expenditures are made to a
3 historic resource that is not eligible for the credit under section
4 47(a)(2) of the internal revenue code that were paid. Qualified
5 expenditures do not include capital expenditures for nonhistoric
6 additions to a historic resource except an addition that is
7 required by state or federal regulations that relate to historic
8 preservation, safety, or accessibility.

9 (j) "Qualified taxpayer" means a person that either owns the
10 resource to be rehabilitated or has a long-term lease agreement
11 with the owner of the historic resource and that has qualified
12 expenditures for the rehabilitation of the historic resource equal
13 to or greater than 10% of the state equalized valuation of the
14 property. If the historic resource to be rehabilitated is a portion
15 of a historic or nonhistoric resource, the state equalized
16 valuation of only that portion of the property shall be used for
17 purposes of this subdivision. If the assessor for the local tax
18 collecting unit in which the historic resource is located
19 determines the state equalized valuation of that portion, that
20 assessor's determination shall be used for purposes of this
21 subdivision. If the assessor does not determine that state
22 equalized valuation of that portion, qualified expenditures, for
23 purposes of this subdivision, shall be equal to or greater than 5%
24 of the appraised value as determined by a certified appraiser. If
25 the historic resource to be rehabilitated does not have a state
26 equalized valuation, qualified expenditures for purposes of this
27 subdivision shall be equal to or greater than 5% of the appraised
28 value of the resource as determined by a certified appraiser.

29 (k) "Rehabilitation plan" means a plan for the rehabilitation

1 of a historic resource that meets the federal Secretary of the
2 Interior's standards for rehabilitation and guidelines for
3 rehabilitation of historic buildings under 36 CFR part 67.