

HOUSE BILL NO. 6172

November 26, 2024, Introduced by Rep. Skaggs and referred to the Committee on Economic Development and Small Business.

A bill to amend 2005 PA 210, entitled
"Commercial rehabilitation act,"
by amending sections 2 and 3 (MCL 207.842 and 207.843), section 2
as amended by 2011 PA 82.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 2. As used in this act:
2 (a) "Commercial property" means land improvements classified
3 by law for general ad valorem tax purposes as real property
4 including real property assessable as personal property ~~pursuant to~~
5 **under** sections 8(d) and 14(6) of the general property tax act, 1893

1 PA 206, MCL 211.8 and 211.14, the primary purpose and use of which
2 is the operation of a commercial business enterprise or multifamily
3 residential use. Commercial property ~~shall also include~~ **includes**
4 facilities related to a commercial business enterprise under the
5 same ownership at that location, including, but not limited to,
6 office, engineering, research and development, warehousing, parts
7 distribution, retail sales, and other commercial activities.
8 Commercial property also includes a building or group of contiguous
9 buildings previously used for industrial purposes that will be
10 converted to the operation of a commercial business enterprise.
11 Commercial property does not include any of the following:

12 (i) Land.

13 (ii) Property of a public utility.

14 (b) "Commercial rehabilitation district" or "district" means
15 an area not less than 3 acres in size of a qualified local
16 governmental unit established as provided in section 3. However, if
17 the commercial rehabilitation district is located in a downtown or
18 business area or contains a qualified retail food establishment, as
19 determined by the legislative body of the qualified local
20 governmental unit, the district may be less than 3 acres in size.

21 (c) "Commercial rehabilitation exemption certificate" or
22 "certificate" means the certificate issued under section 6.

23 (d) "Commercial rehabilitation tax" means the specific tax
24 levied under this act.

25 (e) "Commission" means the state tax commission created by
26 1927 PA 360, MCL 209.101 to 209.107.

27 (f) "Department" means the department of treasury.

28 (g) "Multifamily residential use" means multifamily housing
29 consisting of 5 or more units.

1 (h) "Qualified facility" means a qualified retail food
2 establishment or a building or group of contiguous buildings of
3 commercial property that is 15 years old or older or has been
4 allocated for a new markets tax credit under section 45D of the
5 internal revenue code, 26 USC 45D. Qualified facility also includes
6 a building or a group of contiguous buildings, a portion of a
7 building or group of contiguous buildings previously used for
8 commercial or industrial purposes, obsolete industrial property,
9 and vacant property ~~which, that,~~ within the immediately preceding
10 15 years, was commercial property. ~~as defined in subdivision (a).~~
11 Qualified facility ~~shall also include~~ **includes** vacant property
12 located in a city with a population of more than 500,000 according
13 to the most recent federal decennial census and from which a
14 previous structure has been demolished and on which commercial
15 property is or will be newly constructed ~~provided if~~ an application
16 for a certificate has been filed with that city before July 1,
17 2010. A qualified facility also includes a hotel or motel that has
18 additional meeting or convention space that is attached to a
19 convention and trade center that is over 250,000 square feet in
20 size and that is located in a county with a population of more than
21 1,100,000 and less than 1,600,000 as of the most recent decennial
22 census. A qualified facility does not include property that is to
23 be used as a professional sports stadium. A qualified facility does
24 not include property that is to be used as a casino. As used in
25 this subdivision, "casino" means a casino or a parking lot, hotel,
26 motel, or retail store owned or operated by a casino, an affiliate,
27 or an affiliated company, regulated by this state pursuant to the
28 Michigan ~~gaming control and revenue act,~~ **Gaming Control and Revenue**
29 **Act**, 1996 IL 1, MCL 432.201 to 432.226.

1 (i) "Qualified local governmental unit" means a city, village,
2 or township.

3 (j) "Qualified retail food establishment" means property that
4 meets all of the following:

5 (i) The property will be used primarily as a retail
6 supermarket, grocery store, produce market, or delicatessen that
7 offers unprocessed USDA-inspected meat and poultry products or meat
8 products that carry the USDA organic seal, fresh fruits and
9 vegetables, and dairy products for sale to the public.

10 (ii) The property meets 1 of the following:

11 (A) Is located in a qualified local governmental unit that is
12 also located in a qualified local governmental unit as defined in
13 section 2 of the obsolete property rehabilitation act, 2000 PA 146,
14 MCL 125.2782, and is located in an underserved area.

15 (B) Is located in a qualified local governmental unit that is
16 designated as rural as defined by the United States ~~census bureau~~
17 **Census Bureau** and is located in an underserved area.

18 (iii) The property was used as residential, commercial, or
19 industrial property as allowed and conducted under the applicable
20 zoning ordinance for the immediately preceding 30 years.

21 (k) "Rehabilitation" means changes to a qualified facility
22 that are required to restore or modify the property, together with
23 all appurtenances, to an economically efficient condition.
24 Rehabilitation includes major renovation and modification
25 including, but not necessarily limited to, the improvement of floor
26 loads, correction of deficient or excessive height, new or improved
27 fixed building equipment, including heating, ventilation, and
28 lighting, reducing multistory facilities to 1 or 2 stories,
29 improved structural support including foundations, improved roof

1 structure and cover, floor replacement, improved wall placement,
 2 improved exterior and interior appearance of buildings, and other
 3 physical changes required to restore or change the property to an
 4 economically efficient condition. Rehabilitation for a qualified
 5 retail food establishment also includes new construction.
 6 Rehabilitation also includes new construction of a qualified
 7 facility that is a hotel or motel that has additional meeting or
 8 convention space that is attached to a convention and trade center
 9 that is over 250,000 square feet in size that is located in a
 10 county with a population of more than 1,100,000 and less than
 11 1,600,000 as of the most recent decennial census, if that new
 12 construction is an economic benefit to the local community as
 13 determined by the qualified local governmental unit. Rehabilitation
 14 also includes new construction on vacant property from which a
 15 previous structure has been demolished and if the new construction
 16 is an economic benefit to the local community as determined by the
 17 qualified local governmental unit. Rehabilitation ~~shall~~**does** not
 18 include improvements aggregating less than 10% of the true cash
 19 value of the property at commencement of the rehabilitation of the
 20 qualified facility.

21 (l) "Taxable value" means the value determined under section
 22 27a of the general property tax act, 1893 PA 206, MCL 211.27a.

23 ~~(m) "Underserved area" means an area determined by the~~
 24 ~~Michigan department of agriculture that contains a low or moderate~~
 25 ~~income census tract and a below average supermarket density, an~~
 26 ~~area that has a supermarket customer base with more than 50% living~~
 27 ~~in a low income census tract, or an area that has demonstrated~~
 28 ~~significant access limitations due to travel distance.~~

29 Sec. 3. (1) A qualified local governmental unit, by resolution

1 of its legislative body, may establish 1 or more qualified
2 rehabilitation districts that ~~may~~ consist of 1 or more parcels or
3 tracts of land or a portion of a parcel or tract of land, if ~~at the~~
4 ~~time~~ **when** the resolution is adopted, the parcel or tract of land or
5 portion of a parcel or tract of land within the district is a
6 qualified facility.

7 (2) The legislative body of a qualified local governmental
8 unit may establish a commercial rehabilitation district on its own
9 initiative or ~~upon~~ **on** a written request filed by the owner or
10 owners of property comprising at least 50% of all taxable value of
11 the property located within a proposed commercial rehabilitation
12 district. The written request must be filed with the clerk of the
13 qualified local governmental unit.

14 (3) Before adopting a resolution establishing a commercial
15 rehabilitation district, the legislative body shall give written
16 notice by certified mail to the county in which the proposed
17 district is to be located and the owners of all real property
18 within the proposed commercial rehabilitation district and shall
19 afford an opportunity for a hearing on the establishment of the
20 commercial rehabilitation district at which any of those owners and
21 any other resident or taxpayer of the qualified local governmental
22 unit may appear and be heard. The legislative body shall give
23 public notice of the hearing not less than 10 days or more than 30
24 days before the date of the hearing.

25 (4) The legislative body of the qualified local governmental
26 unit, in its resolution establishing a commercial rehabilitation
27 district, shall set forth a finding and determination that the
28 district meets the requirements set forth in subsection (1) and
29 shall provide a copy of the resolution by certified mail to the

1 county in which the district is located.

2 ~~(5) Within 28 days after receiving a copy of the resolution~~
3 ~~establishing a commercial rehabilitation district, the county may~~
4 ~~reject the establishment of the district by 1 of the following~~
5 ~~methods:~~

6 ~~(a) If the county has an elected county executive, by written~~
7 ~~notification to the qualified local governmental unit.~~

8 ~~(b) If the county does not have an elected county executive,~~
9 ~~by a resolution of the county board of commissioners provided to~~
10 ~~the qualified local governmental unit.~~