

SENATE BILL NO. 619

October 26, 2023, Introduced by Senators HOITENGA, HAUCK, MCBROOM and CHERRY and referred to the Committee on Economic and Community Development.

A bill to amend 2000 PA 146, entitled "Obsolete property rehabilitation act," by amending sections 2 and 16 (MCL 125.2782 and 125.2796), section 2 as amended by 2006 PA 70 and section 16 as amended by 2016 PA 222.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

- 1 Sec. 2. As used in this act:
- 2 (a) "Commercial housing property" means that portion of real
- 3 property not occupied by an owner of that real property that is

1 classified as residential real property under section 34c of the
2 general property tax act, 1893 PA 206, MCL 211.34c, is a multiple-
3 unit dwelling, or is a dwelling unit in a multiple-purpose
4 structure, used for residential purposes. Commercial housing
5 property also includes a building or group of contiguous buildings
6 previously used for industrial purposes that will be converted to a
7 multiple-unit dwelling or dwelling unit in a multiple-purpose
8 structure, used for residential purposes.

9 (b) "Commercial property" means land improvements classified
10 by law for general ad valorem tax purposes as real property,
11 including buildings and improvements assessable as real property
12 pursuant to sections 8(d) and 14(6) of the general property tax
13 act, 1893 PA 206, MCL 211.8 and 211.14, the primary purpose and use
14 of which is the operation of a commercial business enterprise.
15 Commercial property ~~shall also include~~ **includes** facilities related
16 to a commercial business enterprise under the same ownership at
17 that location, including, but not limited to, office, engineering,
18 research and development, warehousing, parts distribution, retail
19 sales, and other commercial activities. Commercial property also
20 includes a building or group of contiguous buildings previously
21 used for industrial purposes that will be converted to the
22 operation of a commercial business enterprise or a multiple-unit
23 dwelling or a dwelling unit in a multiple-purpose structure, used
24 for residential purposes. Commercial property does not include any
25 of the following:

26 (i) Land.

27 (ii) Property of a public utility.

28 (c) "Commission" means the state tax commission created by
29 1927 PA 360, MCL 209.101 to 209.107.

1 (d) "Department" means the department of treasury.

2 (e) "Facility", except as otherwise provided in this act,
3 means a building or group of contiguous buildings.

4 (f) "Functionally obsolete" means that term as defined in
5 section 2 of the brownfield redevelopment financing act, 1996 PA
6 381, MCL 125.2652.

7 (g) "Obsolete properties tax" means the specific tax levied
8 under this act.

9 (h) "Obsolete property" means commercial property or
10 commercial housing property, that is 1 or more of the following:

11 (i) Blighted, as that term is defined in section 2 of the
12 brownfield redevelopment financing act, 1996 PA 381, MCL 125.2652.

13 (ii) A facility as that term is defined under section 20101 of
14 the natural resources and environmental protection act, 1994 PA
15 451, MCL 324.20101.

16 (iii) Functionally obsolete.

17 (i) "Obsolete property rehabilitation district" means an area
18 of a qualified local governmental unit established as provided in
19 section 3. Only those properties within the district meeting the
20 definition of "obsolete property" are eligible for an exemption
21 certificate issued ~~pursuant to~~**under** section 6.

22 (j) "Obsolete property rehabilitation exemption certificate"
23 or "certificate" means the certificate issued ~~pursuant to~~**under**
24 section 6.

25 (k) "Qualified local governmental unit" means 1 or more of the
26 following:

27 (i) A city with a median family income of 150% or less of the
28 statewide median family income as reported in the 1990 federal
29 decennial census that meets 1 or more of the following criteria:

1 (A) Contains or has within its borders an eligible distressed
 2 area as that term is defined in section 11(u) (ii) and (iii) of the
 3 state housing development authority act of 1966, 1966 PA 346, MCL
 4 125.1411.

5 (B) Is contiguous to a city with a population of 500,000 or
 6 more.

7 (C) Has a population of 10,000 or more that is located outside
 8 of an urbanized area as delineated by the United States ~~bureau~~
 9 **Bureau** of the ~~census~~. **Census**.

10 (D) Is the central city of a metropolitan area designated by
 11 the United States ~~office of management and budget~~. **Office of**
 12 **Management and Budget**.

13 (E) Has a population of 100,000 or more that is located in a
 14 county with a population of 2,000,000 or more according to the 1990
 15 federal decennial census.

16 (ii) A township with a median family income of 150% or less of
 17 the statewide median family income as reported in the 1990 federal
 18 decennial census that meets 1 or more of the following criteria:

19 (A) Is contiguous to a city with a population of 500,000 or
 20 more.

21 (B) All of the following:

22 (I) Contains or has within its borders an eligible distressed
 23 area as that term is defined in section 11(u) (ii) of the state
 24 housing development authority act of 1966, 1966 PA 346, MCL
 25 125.1411.

26 (II) Has a population of 10,000 or more.

27 (iii) A village with a population of 500 or more as reported in
 28 the 1990 federal decennial census located in an area designated as
 29 a rural enterprise community before 1998 under title XIII of the

1 omnibus budget reconciliation act of 1993, Public Law 103-66. ~~7-107~~
 2 Stat. ~~416.~~

3 (iv) A city that meets all of the following criteria:

4 (A) Has a population of more than 20,000 or less than 5,000
 5 and is located in a county with a population of 2,000,000 or more
 6 according to the 1990 federal decennial census.

7 (B) As of January 1, 2000, has an overall increase in the
 8 state equalized valuation of real and personal property of less
 9 than 65% of the statewide average increase since 1972 as determined
 10 for the designation of eligible distressed areas under section
 11 11(u) (ii) (B) of the state housing development authority act of 1966,
 12 1966 PA 346, MCL 125.1411.

13 (v) **A city, village, or township that is a county seat.**

14 (l) "Rehabilitation" means changes to obsolete property other
 15 than replacement that are required to restore or modify the
 16 property, together with all appurtenances, to an economically
 17 efficient condition. Rehabilitation includes major renovation and
 18 modification including, but not necessarily limited to, the
 19 improvement of floor loads, correction of deficient or excessive
 20 height, new or improved fixed building equipment, including
 21 heating, ventilation, and lighting, reducing multistory facilities
 22 to 1 or 2 stories, adding additional stories to a facility or
 23 adding additional space on the same floor level not to exceed 100%
 24 of the existing floor space on that floor level, improved
 25 structural support including foundations, improved roof structure
 26 and cover, floor replacement, improved wall placement, improved
 27 exterior and interior appearance of buildings, and other physical
 28 changes required to restore or change the obsolete property to an
 29 economically efficient condition. Rehabilitation ~~shall~~ **does** not

1 include improvements aggregating less than 10% of the true cash
2 value of the property at commencement of the rehabilitation of the
3 obsolete property.

4 (m) "Rehabilitated facility" means a commercial property or
5 commercial housing property that has undergone rehabilitation or is
6 in the process of being rehabilitated, including rehabilitation
7 that changes the intended use of the building. A rehabilitated
8 facility does not include property that is to be used as a
9 professional sports stadium. A rehabilitated facility does not
10 include property that is to be used as a casino. As used in this
11 subdivision, "casino" means a casino or a parking lot, hotel,
12 motel, or retail store owned or operated by a casino, an affiliate,
13 or an affiliated company, regulated by this state pursuant to the
14 Michigan ~~gaming control and revenue act, the Initiated Law of~~
15 **Gaming Control and Revenue Act**, 1996 **IL 1**, MCL 432.201 to 432.226.

16 (n) "Taxable value" means the value determined under section
17 27a of the general property tax act, 1893 PA 206, MCL 211.27a.

18 Sec. 16. A new exemption ~~shall~~**may** not be granted under this
19 act after December 31, ~~2026~~**, 2028**, but an exemption then in effect
20 ~~shall continue~~**continues** until the expiration of the exemption
21 certificate.