

# HOUSE BILL No. 6430

September 24, 2002, Introduced by Reps. Adamini and Lipsey and referred to the Committee on Commerce.

A bill to amend 2000 PA 146, entitled  
"Obsolete property rehabilitation act,"  
by amending section 2 (MCL 125.2782).

**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  
4 classified as residential real property under section 34c of the  
5 general property tax act, 1893 PA 206, MCL 211.34c, is a  
6 multiple-unit dwelling, or is a dwelling unit in a  
7 multiple-purpose structure, used for residential purposes.

8 Commercial housing property also includes a building or group of  
9 contiguous buildings previously used for industrial purposes that  
10 will be converted to a multiple-unit dwelling or dwelling unit in  
11 a multiple-purpose structure, used for residential purposes.

1 (b) "Commercial property" means land improvements classified  
2 by law for general ad valorem tax purposes as real property  
3 including real property assessable as personal property pursuant  
4 to sections 8(d) and 14(6) of the general property tax act, 1893  
5 PA 206, MCL 211.8 and 211.14, the primary purpose and use of  
6 which is the operation of a commercial business enterprise.

7 Commercial property shall also include facilities related to a  
8 commercial business enterprise under the same ownership at that  
9 location, including, but not limited to, office, engineering,  
10 research and development, warehousing, parts distribution, retail  
11 sales, and other commercial activities. Commercial property also  
12 includes a building or group of contiguous buildings previously  
13 used for industrial purposes that will be converted to the opera-  
14 tion of a commercial business enterprise or a multiple-unit  
15 dwelling or a dwelling unit in a multiple-purpose structure, used  
16 for residential purposes. Commercial property does not include  
17 any of the following:

18 (i) Land.

19 (ii) Property of a public utility.

20 (c) "Commission" means the state tax commission created by  
21 1927 PA 360, MCL 209.101 to 209.107.

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

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

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

1 (g) "Obsolete properties tax" means the specific tax levied  
2 under this act.

3 (h) "Obsolete property" means commercial property or commer-  
4 cial housing property, that is 1 or more of the following:

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

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

11 (iii) Functionally obsolete.

12 (i) "Obsolete property rehabilitation district" means an  
13 area of a qualified local governmental unit established as pro-  
14 vided in section 3. Only those properties within the district  
15 meeting the definition of "obsolete property" are eligible for an  
16 exemption certificate issued pursuant to section 6.

17 (j) "Obsolete property rehabilitation exemption certificate"  
18 or "certificate" means the certificate issued pursuant to section  
19 6.

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

22 (i) A city with a median family income of 150% or less of  
23 the statewide median family income as reported in the 1990 fed-  
24 eral decennial census that meets 1 or more of the following  
25 criteria:

26 (A) Contains or has within its borders an eligible  
27 distressed area as that term is defined in section 11(u)(ii) and

1 (iii) of the state housing development authority act of 1966,  
2 1966 PA 346, MCL 125.1411.

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

5 (C) Has a population of 10,000 or more that is located out-  
6 side of an urbanized area as delineated by the United States  
7 bureau of the census.

8 (D) Is the central city of a metropolitan area designated by  
9 the United States office of management and budget.

10 (E) Has a population of 100,000 or more that is located in a  
11 county with a population of 2,000,000 or more according to the  
12 1990 federal decennial census.

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

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

19 (B) All of the following:

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

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

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

1 title XIII of the omnibus budget reconciliation act of 1993,  
2 Public Law 103-66, 107 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 deter-  
10 mined for the designation of eligible distressed areas under sec-  
11 tion 11(u)(ii)(B) of the state housing development authority act  
12 of 1966, 1966 PA 346, MCL 125.1411.

13 (l) "Rehabilitation" means changes to obsolete property  
14 other than replacement that are required to restore or modify the  
15 property, together with all appurtenances, to an economically  
16 efficient condition. Rehabilitation includes major renovation  
17 and modification including, but not necessarily limited to, the  
18 improvement of floor loads, correction of deficient or excessive  
19 height, new or improved fixed building equipment, including heat-  
20 ing, ventilation, and lighting, reducing multistory facilities to  
21 1 or 2 stories, improved structural support including founda-  
22 tions, improved roof structure and cover, floor replacement,  
23 improved wall placement, improved exterior and interior appear-  
24 ance of buildings, and other physical changes required to restore  
25 or change the obsolete property to an economically efficient  
26 condition. Rehabilitation shall not include improvements

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

3 (m) "Rehabilitated facility" means a commercial property or  
4 commercial housing property that has undergone rehabilitation or  
5 is in the process of being rehabilitated, including rehabilita-  
6 tion that changes the intended use of the building. A rehabili-  
7 tated facility does not include property that is to be used as a  
8 professional sports stadium. A REHABILITATED FACILITY DOES NOT  
9 INCLUDE A FACILITY, PLANT, OR OTHER PROPERTY THAT HAS AS ITS PRI-  
10 MARY PURPOSE THE PACKAGING, PRODUCTION, OR BOTTLING OF WATER  
11 INTENDED FOR HUMAN CONSUMPTION IN SEALED CONTAINERS LESS THAN 1  
12 GALLON IN SIZE AND THAT HAS NO ADDITIONAL ADDED INGREDIENTS. A  
13 rehabilitated facility does not include property that is to be  
14 used as a casino. As used in this subdivision, "casino" means a  
15 casino or a parking lot, hotel, motel, or retail store owned or  
16 operated by a casino, an affiliate, or an affiliated company,  
17 regulated by this state pursuant to the Michigan gaming control  
18 and revenue act, the Initiated Law of 1996, MCL 432.201 to  
19 432.226.

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