

SENATE BILL No. 759

August 19, 2009, Introduced by Senator ALLEN and referred to the Committee on Economic Development and Regulatory Reform.

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.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 2. As used in this act:

2 (A) "BLIGHTED" MEANS PROPERTY THAT MEETS ANY OF THE FOLLOWING
3 CRITERIA AS DETERMINED BY THE QUALIFIED LOCAL GOVERNMENTAL UNIT.

4 (i) HAS BEEN DECLARED A PUBLIC NUISANCE IN ACCORDANCE WITH A
5 LOCAL HOUSING, BUILDING, PLUMPING, FIRE, OR OTHER RELATED CODE OR
6 ORDINANCE.

7 (ii) IS AN ATTRACTIVE NUISANCE TO CHILDREN BECAUSE OF PHYSICAL
8 CONDITION, USE, OR OCCUPANCY.

1 (iii) IS A FIRE HAZARD OR IS OTHERWISE DANGEROUS TO THE SAFETY
2 OF PERSONS OR PROPERTY.

3 (iv) HAS HAD THE UTILITIES, PLUMBING, HEATING, OR SEWERAGE
4 PERMANENTLY DISCONNECTED, DESTROYED, REMOVED, OR RENDERED
5 INEFFECTIVE SO THAT THE PROPERTY IS UNFIT FOR ITS INTENDED USE.

6 (v) IS TAX REVERTED PROPERTY OWNED BY A QUALIFIED LOCAL
7 GOVERNMENT UNIT, BY A COUNTY, OR BY THIS STATE. THE SALE, LEASE, OR
8 TRANSFER OF TAX REVERTED PROPERTY BY A QUALIFIED LOCAL GOVERNMENT
9 UNIT, COUNTY, OR THIS STATE AFTER THE PROPERTY'S INCLUSION IN A
10 BROWNFIELD PLAN AS DEFINED IN SECTION 2 OF THE BROWNFIELD
11 REDEVELOPMENT FINANCING ACT, 1996 PA 381, MCL 125.2652, SHALL NOT
12 RESULT IN THE LOSS TO THE PROPERTY OF THE STATUS AS BLIGHTED FOR
13 PURPOSES OF THIS ACT.

14 (vi) IS PROPERTY OWNED OR UNDER THE CONTROL OF A LAND BANK FAST
15 TRACK AUTHORITY UNDER THE LAND BANK FAST TRACK ACT, 2003 PA 258,
16 MCL 124.751 TO 124.774, WHETHER OR NOT LOCATED WITHIN A QUALIFIED
17 LOCAL GOVERNMENTAL UNIT. THE SALE, LEASE, OR TRANSFER OF THE
18 PROPERTY BY A LAND BANK FAST TRACK AUTHORITY UNDER THE LAND BANK
19 FAST TRACK ACT, 2003 PA 258, MCL 124.751 TO 124.774, AFTER THE
20 PROPERTY'S INCLUSION IN A BROWNFIELD PLAN AS DEFINED IN SECTION 2
21 OF THE BROWNFIELD REDEVELOPMENT FINANCING ACT, 1996 PA 381, MCL
22 125.2652, SHALL NOT RESULT IN THE LOSS TO THE PROPERTY OF THE
23 STATUS AS BLIGHTED FOR PURPOSES OF THIS ACT.

24 (B) ~~(a)~~—"Commercial housing property" means that portion of
25 real property not occupied by an owner of that real property that
26 is classified as residential real property under section 34c of the
27 general property tax act, 1893 PA 206, MCL 211.34c, is a multiple-

1 unit dwelling, or is a dwelling unit in a multiple-purpose
2 structure, used for residential purposes. Commercial housing
3 property also includes a building or group of contiguous buildings
4 previously used for industrial purposes that will be converted to a
5 multiple-unit dwelling or dwelling unit in a multiple-purpose
6 structure, used for residential purposes.

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

24 (i) Land.

25 (ii) Property of a public utility.

26 (D) ~~(e)~~—"Commission" means the state tax commission created by
27 1927 PA 360, MCL 209.101 to 209.107.

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

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

4 (G) ~~(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 (H) ~~(g)~~ "Obsolete properties tax" means the specific tax
8 levied under this act.

9 (I) ~~(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 (J) ~~(i)~~ "Obsolete property rehabilitation district" means an
18 area of a qualified local governmental unit established as provided
19 in 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 section 6.

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

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

27 (i) A city with a median family income of 150% or less of the

1 statewide median family income as reported in the 1990 federal
2 decennial census that meets 1 or more of the following criteria:

3 (A) Contains or has within its borders an eligible distressed
4 area as that term is defined in section 11(u) (ii) and (iii) of the
5 state housing development authority act of 1966, 1966 PA 346, MCL
6 125.1411.

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

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

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

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

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

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

22 (B) All of the following:

23 (I) Contains or has within its borders an eligible distressed
24 area as that term is defined in section 11(u) (ii) of the state
25 housing development authority act of 1966, 1966 PA 346, MCL
26 125.1411.

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

1 (iii) A village with a population of 500 or more as reported in
2 the 1990 federal decennial census located in an area designated as
3 a rural enterprise community before 1998 under title XIII of the
4 omnibus budget reconciliation act of 1993, Public Law 103-66. ~~7-107~~
5 ~~Stat. 416.~~

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

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

10 (B) As of January 1, 2000, has an overall increase in the
11 state equalized valuation of real and personal property of less
12 than 65% of the statewide average increase since 1972 as determined
13 for the designation of eligible distressed areas under section
14 11(u) (ii) (B) of the state housing development authority act of 1966,
15 1966 PA 346, MCL 125.1411.

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

1 and cover, floor replacement, improved wall placement, improved
2 exterior and interior appearance of buildings, and other physical
3 changes required to restore or change the obsolete property to an
4 economically efficient condition. Rehabilitation shall not include
5 improvements aggregating less than 10% of the true cash value of
6 the property at commencement of the rehabilitation of the obsolete
7 property.

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

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

23 Sec. 16. A new exemption shall not be granted under this act
24 after December 31, 2010-2013, but an exemption then in effect shall
25 continue until the expiration of the exemption certificate.