

HOUSE BILL NO. 6203

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 section 2 (MCL 207.842), 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 **of 1986**, 26 USC 45D. Qualified facility also
 6 includes a building or a group of contiguous buildings, a portion
 7 of a 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) "Qualified unit" means 1 or more of the following:

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

25 (A) Contains or has within its borders an eligible distressed
26 area as that term is defined in section 11(u) (ii) and (iii) of the
27 state housing development authority act of 1966, 1966 PA 346, MCL
28 125.1411.

29 (B) Is contiguous to a city with a population of 500,000 or

1 more.

2 (C) Has a population of 10,000 or more that is located outside
3 of an urbanized area as delineated by the United States Bureau of
4 the Census.

5 (D) Is the central city of a metropolitan area designated by
6 the United States Office of Management and Budget.

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

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

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

15 (B) All of the following:

16 (I) Contains or has within its borders an eligible distressed
17 area as that term is defined in section 11(u) (ii) of the state
18 housing development authority act of 1966, 1966 PA 346, MCL
19 125.1411.

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

21 (iii) A village with a population of 500 or more as reported in
22 the 1990 federal decennial census located in an area designated as
23 a rural enterprise community before 1998 under title XIII of the
24 omnibus budget reconciliation act of 1993, Public Law 103-66.

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

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

29 (B) As of January 1, 2000, has an overall increase in the

1 state equalized valuation of real and personal property of less
2 than 65% of the statewide average increase since 1972 as determined
3 for the designation of eligible distressed areas under section
4 11(u) (ii) (B) of the state housing development authority act of 1966,
5 1966 PA 346, MCL 125.1411.

6 (l) ~~(k)~~—"Rehabilitation" means changes to a qualified facility
7 that are required to restore or modify the property, together with
8 all appurtenances, to an economically efficient condition.
9 Rehabilitation includes major renovation and modification
10 including, but not necessarily limited to, the improvement of floor
11 loads, correction of deficient or excessive height, new or improved
12 fixed building equipment, including heating, ventilation, and
13 lighting, reducing multistory facilities to 1 or 2 stories,
14 improved structural support including foundations, improved roof
15 structure and cover, floor replacement, improved wall placement,
16 improved exterior and interior appearance of buildings, and other
17 physical changes required to restore or change the property to an
18 economically efficient condition. Rehabilitation for a qualified
19 retail food establishment also includes new construction.
20 Rehabilitation also includes new construction of a qualified
21 facility that is a hotel or motel that has additional meeting or
22 convention space that is attached to a convention and trade center
23 that is over 250,000 square feet in size that is located in a
24 county with a population of more than 1,100,000 and less than
25 1,600,000 as of the most recent decennial census, if that new
26 construction is an economic benefit to the local community as
27 determined by the qualified local governmental unit. Rehabilitation
28 also includes new construction on vacant property from which a
29 previous structure has been demolished and if the new construction

1 is an economic benefit to the local community as determined by the
2 qualified local governmental unit. Rehabilitation ~~shall~~**does** not
3 include improvements aggregating less than 10% of the true cash
4 value of the property at commencement of the rehabilitation of the
5 qualified facility.

6 (m) ~~(l)~~—"Taxable value" means the value determined under
7 section 27a of the general property tax act, 1893 PA 206, MCL
8 211.27a.

9 (n) ~~(m)~~—"Underserved area" means an area determined by the
10 Michigan department of agriculture that contains a low or moderate
11 income census tract and a below average supermarket density, an
12 area that has a supermarket customer base with more than 50% living
13 in a low income census tract, or an area that has demonstrated
14 significant access limitations due to travel distance.

15 Enacting section 1. This amendatory act does not take effect
16 unless Senate Bill No.____ or House Bill No.____ (request no.
17 04434'23) of the 102nd Legislature is enacted into law.