



# SENATE BILL No. 625

September 12, 1995, Introduced by Senators SCHWARZ,  
PETERS, SHUGARS, DUNASKISS, YOUNG and STALLINGS  
and referred to the Committee on Finance.

A bill to amend Act No. 281 of the Public Acts of 1967,  
entitled  
"Income tax act of 1967,"  
as amended, being sections 206.1 to 206.532 of the Michigan  
Compiled Laws, by adding section 266.

## THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Section 1. Act No. 281 of the Public Acts of 1967, as  
2 amended, being sections 206.1 to 206.532 of the Michigan Compiled  
3 Laws, is amended by adding section 266 to read as follows:

4 SEC. 266. (1) FOR THE 1995 TAX YEAR AND EACH TAX YEAR AFTER  
5 1995, A QUALIFIED TAXPAYER MAY CREDIT AGAINST THE TAX IMPOSED BY  
6 THIS ACT THE AMOUNT DETERMINED PURSUANT TO SUBSECTION (2) FOR THE  
7 QUALIFIED EXPENDITURES FOR THE REHABILITATION OF A HISTORICAL  
8 RESOURCE PURSUANT TO A REHABILITATION PLAN IN 1 OF THE FOLLOWING  
9 TIME PERIODS:

1 (A) THE YEAR IN WHICH THE REHABILITATED HISTORIC RESOURCE IS  
2 PLACED IN SERVICE.

3 (B) THE YEAR IN WHICH A FINAL PAYMENT OF QUALIFIED EXPENDI-  
4 TURES IS MADE IF THE PROJECT IS A PHASED PROJECT AND CONSTRUCTION  
5 IS PLANNED FOR 2 TO 5 YEARS.

6 (2) THE CREDIT ALLOWED UNDER THIS SECTION SHALL BE 25% OF  
7 THE QUALIFIED EXPENDITURES SUBJECT TO BOTH OF THE FOLLOWING:

8 (A) A TAXPAYER WITH QUALIFIED EXPENDITURES THAT ARE ELIGIBLE  
9 FOR THE CREDIT UNDER SECTION 47 OF THE INTERNAL REVENUE CODE MAY  
10 NOT CLAIM A CREDIT UNDER THIS SECTION FOR THOSE QUALIFIED EXPEN-  
11 DITURES UNLESS THE TAXPAYER HAS CLAIMED AND RECEIVED A CREDIT FOR  
12 THOSE QUALIFIED EXPENDITURES UNDER SECTION 47 OF THE INTERNAL  
13 REVENUE CODE.

14 (B) A CREDIT UNDER THIS SECTION SHALL BE REDUCED BY THE  
15 AMOUNT OF A CREDIT RECEIVED BY THE TAXPAYER FOR THE SAME QUALI-  
16 FIED EXPENDITURES UNDER SECTION 47 OF THE INTERNAL REVENUE CODE  
17 IN THE SAME TAX YEAR.

18 (3) TO BE ELIGIBLE FOR THE CREDIT UNDER THIS SECTION, THE  
19 TAXPAYER SHALL APPLY TO AND RECEIVE FROM THE BUREAU OF MICHIGAN  
20 HISTORY CERTIFICATION THAT THE HISTORIC SIGNIFICANCE, THE REHA-  
21 BILITATION PLAN, AND THE COMPLETED REHABILITATION OF THE HISTORIC  
22 RESOURCE MEET THE CRITERIA UNDER SUBSECTION (6) AND EITHER OF THE  
23 FOLLOWING:

24 (A) ALL OF THE FOLLOWING CRITERIA:

25 (i) THE HISTORIC RESOURCE CONTRIBUTES TO THE SIGNIFICANCE OF  
26 THE HISTORIC DISTRICT IN WHICH IT IS LOCATED.

(ii) BOTH THE REHABILITATION PLAN AND COMPLETED

REHABILITATION OF THE HISTORIC RESOURCE MEET THE SECRETARY OF THE INTERIOR'S STANDARDS FOR REHABILITATION AND GUIDELINES FOR REHABILITATING HISTORIC BUILDINGS, 36 C.F.R. 67.

(iii) ALL REHABILITATION WORK HAS BEEN DONE TO OR WITHIN THE ENVELOPE OF THE HISTORIC RESOURCE OR TO HISTORIC RESOURCES LOCATED WITHIN THE PROPERTY BOUNDARIES OF THE RESOURCE.

(B) THE TAXPAYER HAS RECEIVED CERTIFICATION FROM THE NATIONAL PARK SERVICE THAT THE HISTORIC RESOURCE'S SIGNIFICANCE, THE REHABILITATION, PLAN AND THE COMPLETED REHABILITATION QUALIFY FOR THE FEDERAL INVESTMENT TAX CREDIT.

(4) IF THE QUALIFIED TAXPAYER HAS FILED FOR CERTIFICATION WITH THE BUREAU TO QUALIFY FOR THE FEDERAL TAX CREDIT, ADDITIONAL FILING FOR THE CREDIT UNDER THIS SECTION IS NOT REQUIRED.

(5) THE BUREAU MAY INSPECT A HISTORIC RESOURCE AT ANY TIME DURING THE REHABILITATION PROCESS AND MAY REVOKE CERTIFICATION IF THE REHABILITATION WAS NOT UNDERTAKEN AS REPRESENTED IN THE REHABILITATION PLAN OR IF UNAPPROVED ALTERATIONS TO THE COMPLETED REHABILITATION ARE MADE DURING THE 5 YEARS AFTER THE TAX YEAR IN WHICH THE CREDIT WAS CLAIMED. THE BUREAU SHALL PROMPTLY NOTIFY THE DEPARTMENT OF A REVOCATION.

(6) QUALIFIED EXPENDITURES FOR THE REHABILITATION OF A HISTORIC RESOURCE MAY BE USED TO CALCULATE THE CREDIT UNDER THIS SECTION IF THE HISTORIC RESOURCE MEETS 1 OF THE CRITERIA LISTED IN SUBDIVISION (A) AND 1 OF THE CRITERIA LISTED IN SUBDIVISION (B):

1 (A) THE RESOURCE IS 1 OF THE FOLLOWING WITHIN 30 MONTHS  
2 AFTER THE END OF THE TAX YEAR IN WHICH A CREDIT FOR QUALIFIED  
3 EXPENDITURES FOR THE REHABILITATION IS CLAIMED:

4 (i) INDIVIDUALLY LISTED ON THE NATIONAL REGISTER OF HISTORIC  
5 PLACES OR STATE REGISTER OF HISTORIC SITES.

6 (ii) A CONTRIBUTING RESOURCE LOCATED WITHIN A HISTORIC DIS-  
7 TRICT LISTED ON THE NATIONAL REGISTER OF HISTORIC PLACES OR THE  
8 STATE REGISTER OF HISTORIC SITES.

9 (iii) A CONTRIBUTING RESOURCE LOCATED WITHIN A HISTORIC DIS-  
10 TRICT DESIGNATED BY A LOCAL UNIT PURSUANT TO AN ORDINANCE ADOPTED  
11 UNDER THE LOCAL HISTORIC DISTRICTS ACT, ACT NO. 169 OF THE PUBLIC  
12 ACTS OF 1970, BEING SECTIONS 399.201 TO 399.215 OF THE MICHIGAN  
13 COMPILED LAWS.

14 (B) THE RESOURCE MEETS 1 OF THE FOLLOWING CRITERIA WITHIN 30  
15 MONTHS AFTER THE END OF THE TAX YEAR IN WHICH A CREDIT FOR QUALI-  
16 FIED EXPENDITURES FOR THE REHABILITATION IS CLAIMED:

17 (i) THE HISTORIC RESOURCE IS LOCATED IN A LOCAL UNIT OF GOV-  
18 ERNMENT WITH AN EXISTING ORDINANCE UNDER ACT NO. 169 OF THE  
19 PUBLIC ACTS OF 1970, THE RESOURCE SHALL BE LOCATED IN A HISTORIC  
20 DISTRICT DESIGNATED UNDER THAT ORDINANCE.

21 (ii) THE HISTORIC RESOURCE IS LOCATED IN AN INCORPORATED  
22 LOCAL UNIT OF GOVERNMENT THAT DOES NOT HAVE AN ORDINANCE UNDER  
23 ACT NO. 169 OF THE PUBLIC ACTS OF 1970, AND HAS A POPULATION OF  
24 LESS THAN 5,000. IN THIS CIRCUMSTANCE, A HISTORIC DESIGNATION BY  
25 THE LOCAL UNIT OF GOVERNMENT IS NOT REQUIRED.

26 (iii) THE HISTORIC RESOURCE IS LOCATED IN AN INCORPORATED  
27 LOCAL UNIT OF GOVERNMENT THAT DOES NOT HAVE AN ORDINANCE UNDER

1 ACT NO. 169 OF THE PUBLIC ACTS OF 1970, AND IF THE POPULATION OF  
2 THE LOCAL UNIT OF GOVERNMENT IS 5,000 OR MORE, ONLY IF THE  
3 RESOURCE IS LOCATED IN A HISTORIC DISTRICT DESIGNATED UNDER AN  
4 ORDINANCE UNDER ACT NO. 169 OF THE PUBLIC ACTS OF 1970.

5 (iv) THE HISTORIC RESOURCE IS LOCATED IN AN UNINCORPORATED  
6 LOCAL UNIT OF GOVERNMENT THAT HAS NO ORDINANCE UNDER ACT NO. 169  
7 OF THE PUBLIC ACTS OF 1970. IN THIS CIRCUMSTANCE, AN ORDINANCE  
8 IS NOT REQUIRED.

9 (7) IF THE CREDIT ALLOWED UNDER THIS SECTION FOR THE TAX  
10 YEAR AND ANY UNUSED CARRYFORWARD OF THE CREDIT ALLOWED BY THIS  
11 SECTION EXCEED THE TAXPAYER'S TAX LIABILITY FOR THE TAX YEAR,  
12 THAT PORTION THAT EXCEEDS THE TAX LIABILITY FOR THE TAX YEAR  
13 SHALL NOT BE REFUNDED BUT MAY BE CARRIED FORWARD TO OFFSET TAX  
14 LIABILITY IN SUBSEQUENT TAX YEARS FOR 10 YEARS OR UNTIL USED UP,  
15 WHICHEVER OCCURS FIRST.

16 (8) IF THE TAXPAYER SELLS THE HISTORIC RESOURCE FOR WHICH A  
17 CREDIT UNDER THIS SECTION WAS TAKEN LESS THAN 5 YEARS AFTER THE  
18 YEAR IN WHICH THE CREDIT WAS CLAIMED, THE FOLLOWING PERCENTAGE OF  
19 THE CREDIT SHALL BE ADDED BACK TO THE TAX BASE OF THE TAXPAYER IN  
20 THE YEAR OF THE SALE:

21 (A) IF THE SALE IS LESS THAN 1 YEAR AFTER THE YEAR IN WHICH  
22 THE CREDIT WAS CLAIMED, 100%.

23 (B) IF THE SALE IS AT LEAST 1 YEAR BUT LESS THAN 2 YEARS  
24 AFTER THE YEAR IN WHICH THE CREDIT WAS CLAIMED, 80%.

25 (C) IF THE SALE IS AT LEAST 2 YEARS BUT LESS THAN 3 YEARS  
26 AFTER THE YEAR IN WHICH THE CREDIT WAS CLAIMED, 60%.

1 (D) IF THE SALE IS AT LEAST 3 YEARS BUT LESS THAN 4 YEARS  
2 AFTER THE YEAR IN WHICH THE CREDIT WAS CLAIMED, 40%.

3 (E) IF THE SALE IS AT LEAST 4 YEARS BUT LESS THAN 5 YEARS  
4 AFTER THE YEAR IN WHICH THE CREDIT WAS CLAIMED, 20%.

5 (F) IF THE SALE IS 5 YEARS OR MORE AFTER THE YEAR IN WHICH  
6 THE CREDIT WAS CLAIMED, AN ADDBACK TO THE TAXPAYER'S TAX BASE  
7 SHALL NOT BE MADE.

8 (9) THE DEPARTMENT OF STATE THROUGH THE BUREAU OF MICHIGAN  
9 HISTORY MAY IMPOSE A FEE TO COVER THE COST OF IMPLEMENTING THE  
10 PROGRAM UNDER THIS SECTION.

11 (10) BEFORE JANUARY 1, 1996, THE DEPARTMENT OF STATE SHALL  
12 SUBMIT RULES TO IMPLEMENT THIS SECTION FOR PUBLIC HEARING PURSU-  
13 ANT TO THE ADMINISTRATIVE PROCEDURES ACT OF 1969, ACT NO. 306 OF  
14 THE PUBLIC ACTS OF 1969, BEING SECTIONS 24.201 TO 24.328 OF THE  
15 MICHIGAN COMPILED LAWS.

16 (11) THE TOTAL CREDIT ALLOWABLE UNDER THIS ACT AND SECTION  
17 39B OF THE SINGLE BUSINESS TAX ACT, ACT NO. 228 OF THE PUBLIC  
18 ACTS OF 1975, BEING SECTION 208.39B OF THE MICHIGAN COMPILED  
19 LAWS, SHALL NOT EXCEED THE TOTAL QUALIFIED EXPENDITURES OF THE  
20 TAXPAYER FOR THE TAX YEAR.

21 (12) THE DEPARTMENT OF STATE THROUGH THE BUREAU OF MICHIGAN  
22 HISTORY SHALL REPORT ALL OF THE FOLLOWING TO THE LEGISLATURE  
23 ANNUALLY FOR THE IMMEDIATELY PRECEDING STATE FISCAL YEAR:

24 (A) THE FEE SCHEDULE USED BY THE BUREAU AND THE TOTAL AMOUNT  
25 OF FEES COLLECTED.

26 (B) A DESCRIPTION OF EACH PROJECT CERTIFIED.

(C) THE LOCATION OF EACH NEW AND ONGOING PROJECT.

(13) AS USED IN THIS SECTION:

(A) "BUREAU OF MICHIGAN HISTORY" OR "BUREAU" MEANS THE STATE HISTORIC PRESERVATION OFFICE OF THE BUREAU OF MICHIGAN HISTORY OF THE DEPARTMENT OF STATE OR ITS SUCCESSOR AGENCY.

(B) "HISTORIC RESOURCE" OR "RESOURCE" MEANS A PUBLICLY OR PRIVATELY OWNED HISTORIC BUILDING, STRUCTURE, SITE, OBJECT, FEATURE, OR OPEN SPACE LOCATED WITHIN A HISTORIC DISTRICT DESIGNATED BY THE NATIONAL REGISTER OF HISTORIC PLACES, THE STATE REGISTER OF HISTORIC SITES, OR A LOCAL UNIT ACTING UNDER ACT NO. 169 OF THE PUBLIC ACTS OF 1970; OR THAT IS INDIVIDUALLY LISTED ON THE STATE REGISTER OF HISTORIC SITES OR NATIONAL REGISTER OF HISTORIC PLACES AND INCLUDES ALL OF THE FOLLOWING:

(i) AN OWNER-OCCUPIED PERSONAL RESIDENCE OR A HISTORIC RESOURCE LOCATED WITHIN THE PROPERTY BOUNDARIES OF THAT PERSONAL RESIDENCE.

(ii) AN INCOME-PRODUCING COMMERCIAL, INDUSTRIAL, OR RESIDENTIAL RESOURCE OR A HISTORIC RESOURCE LOCATED WITHIN THE PROPERTY BOUNDARIES OF THAT RESOURCE.

(iii) A RESOURCE OWNED BY A GOVERNMENTAL BODY, NONPROFIT ORGANIZATION, OR TAX-EXEMPT ENTITY THAT IS USED PRIMARILY BY A TAXPAYER LESSEE IN A TRADE OR BUSINESS UNRELATED TO THE GOVERNMENTAL BODY, NONPROFIT ORGANIZATION, OR TAX-EXEMPT ENTITY AND THAT IS SUBJECT TO TAX UNDER THIS ACT.

(iv) A RESOURCE THAT IS OCCUPIED OR UTILIZED BY A GOVERNMENTAL BODY, NONPROFIT ORGANIZATION, OR TAX-EXEMPT ENTITY PURSUANT TO A LONG-TERM LEASE OR LEASE WITH OPTION TO BUY AGREEMENT.

1 (v) ANY OTHER RESOURCE THAT COULD BENEFIT FROM  
2 REHABILITATION.

3 (C) "LOCAL UNIT" MEANS A COUNTY, CITY, VILLAGE, OR  
4 TOWNSHIP.

5 (D) "LONG-TERM LEASE" MEANS A LEASE TERM OF AT LEAST 27.5  
6 YEARS FOR A RESIDENTIAL SITE OR AT LEAST 31.5 YEARS FOR A NONRES-  
7 IDENTIAL SITE.

8 (E) "PERSON" MEANS AN INDIVIDUAL, PARTNERSHIP, CORPORATION,  
9 ASSOCIATION, GOVERNMENTAL ENTITY, OR OTHER LEGAL ENTITY.

10 (F) "QUALIFIED EXPENDITURES" MEANS CAPITAL EXPENDITURES THAT  
11 WERE PAID NOT MORE THAN 5 YEARS AFTER INITIAL CERTIFICATION OF  
12 THE REHABILITATION PLAN WAS APPROVED BY THE BUREAU, AND THAT WERE  
13 PAID AFTER DECEMBER 31, 1994 FOR THE REHABILITATION OF A HISTORIC  
14 RESOURCE. QUALIFIED EXPENDITURES DO NOT INCLUDE CAPITAL EXPENDI-  
15 TURES FOR NONHISTORIC ADDITIONS TO A RESOURCE EXCEPT AN ADDITION  
16 THAT IS REQUIRED BY STATE OR FEDERAL REGULATIONS THAT RELATE TO  
17 HISTORIC PRESERVATION, SAFETY, OR ACCESSIBILITY.

18 (G) "QUALIFIED TAXPAYER" MEANS A PERSON THAT OWNS THE  
19 RESOURCE TO BE REHABILITATED OR THAT HAS A LONG-TERM LEASE AGREE-  
20 MENT WITH THE OWNER OF THE RESOURCE AND THAT HAS QUALIFIED EXPEN-  
21 DITURES FOR THE REHABILITATION OF THE RESOURCE EQUAL TO OR  
22 GREATER THAN 10% OF THE STATE EQUALIZED VALUATION OF THE  
23 PROPERTY. IF THE HISTORIC RESOURCE TO BE REHABILITATED IS A POR-  
24 TION OF A HISTORIC OR NONHISTORIC RESOURCE, THE ASSESSOR FOR THE  
25 APPROPRIATE LOCAL TAX ASSESSING UNIT SHALL DETERMINE THE STATE  
26 EQUALIZED VALUATION OF ONLY THAT PORTION. IF THE STATE EQUALIZED  
27 VALUATION OF THAT PORTION CANNOT BE DETERMINED, QUALIFIED



1 EXPENDITURES, FOR PURPOSES OF THIS SUBDIVISION, SHALL BE EQUAL TO  
2 OR GREATER THAN 10% OF THE APPRAISED VALUE AS DETERMINED BY A  
3 CERTIFIED APPRAISER.