

SENATE BILL No. 1477

November 9, 2004, Introduced by Senators ALLEN, TOY, BROWN, PRUSI and GOSCHKA
and referred to the Committee on Commerce and Labor.

A bill to amend 1975 PA 228, entitled
"Single business tax act,"
(MCL 208.1 to 208.145) by adding section 35c.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 35c. (1) For tax years that begin after December 31,
2 2004, a qualified taxpayer may claim a credit against the tax
3 imposed by this act equal to not more than 50% of the total cost
4 to renovate a historic resource.

5 (2) The department of history, arts, and libraries shall
6 develop an application form and process for the credit allowed
7 under this section. The application shall require, but is not
8 limited to, all of the following:

9 (a) A copy of the certification as described in subsection
10 (6).

11 (b) Documentation that the renovation will be complete on a

1 historic resource that meets 1 of the criteria listed in
2 subsection (7).

3 (c) Written commitments or agreements that evidence that the
4 qualified taxpayer has acquired, and designated to the renovation
5 of the historic resource, an amount equal to at least 50% of the
6 total costs of the renovation of the historic resource from
7 sources separate from the funds available to the taxpayer based
8 on an anticipated credit allowed under this section.

9 (3) A qualified taxpayer shall apply to the department of
10 history, arts, and libraries for approval of a tax credit for the
11 renovation of a historic resource. The department of history,
12 arts, and libraries shall approve or deny the application not
13 more than 65 days after receipt of the application. If the
14 department of history, arts, and libraries does not approve or
15 deny the application within 65 days after it receives the
16 application, the application is considered approved. The
17 department of history, arts, and libraries shall approve a
18 maximum of 10 credits under this section during each calendar
19 year. The department of history, arts, and libraries shall
20 assure compliance with subsection (6) and use the criteria in
21 subsection (7) when approving applications under this section and
22 to determine the percentage of total cost for the renovation of
23 the historic resource to be used to calculate a credit.

24 (4) The department of history, arts, and libraries shall not
25 approve more than 10 credits for each calendar year. Of those 10
26 credits, 9 shall be for \$1,000,000.00 or less and 1 may be for
27 more than \$1,000,000.00 but less than \$3,000,000.00.

1 (5) Not more than 3 credits shall be issued to qualified
2 taxpayers for renovation of historic resources within any 1
3 municipality.

4 (6) To be eligible for the credit under this section, the
5 taxpayer shall apply to and receive from the Michigan historical
6 center certification that the historic significance, the
7 renovation plan, and the completed renovation of the historic
8 resource meet the criteria under subsection (7) and either of the
9 following:

10 (a) All of the following criteria:

11 (i) The historic resource contributes to the significance of
12 the historic district in which it is located.

13 (ii) Both the renovation plan and completed renovation of the
14 historic resource meet the federal secretary of the interior's
15 standards for rehabilitation and guidelines for rehabilitating
16 historic buildings, 36 CFR part 67.

17 (iii) All renovation work has been done to or within the
18 walls, boundaries, or structures of the historic resource or to
19 historic resources located within the property boundaries of the
20 property.

21 (b) The taxpayer has received certification from the national
22 park service that the historic resource's significance, the
23 renovation plan, and the completed renovation qualify for the
24 credit allowed under section 47(a)(2) of the internal revenue
25 code.

26 (7) Costs for the renovation of a historic resource may be
27 used to calculate the credit under this section if the historic

1 resource meets 1 of the criteria listed in subdivision (a) and 1
2 of the criteria listed in subdivision (b):

3 (a) The resource is 1 of the following during the tax year in
4 which a credit under this section is claimed for those qualified
5 expenditures:

6 (i) Individually listed on the national register of historic
7 places or state register of historic sites.

8 (ii) A contributing resource located within a historic
9 district listed on the national register of historic places or
10 the state register of historic sites.

11 (iii) A contributing resource located within a historic
12 district designated by a local unit of government pursuant to an
13 ordinance adopted under the local historic districts act, 1970 PA
14 169, MCL 399.201 to 399.215.

15 (b) The resource meets 1 of the following criteria during the
16 tax year in which a credit under this section is claimed for
17 those qualified expenditures:

18 (i) The historic resource is located in a designated historic
19 district in a local unit of government with an existing ordinance
20 under the local historic districts act, 1970 PA 169, MCL 399.201
21 to 399.215.

22 (ii) The historic resource is located in an incorporated
23 local unit of government that does not have an ordinance under
24 the local historic districts act, 1970 PA 169, MCL 399.201 to
25 399.215, and has a population of less than 5,000.

26 (iii) The historic resource is located in an unincorporated
27 local unit of government.

1 (8) If the department of history, arts, and libraries
2 approves the renovation of the historic resource, the department
3 of history, arts, and libraries shall issue an approval letter to
4 the qualified taxpayer that states all of the following:

5 (a) The taxpayer is a qualified taxpayer.

6 (b) The maximum credit allowed for the renovation of this
7 historic resource.

8 (c) The maximum percentage of the total cost of the
9 renovation of the historic resource determined by the Michigan
10 economic development corporation that the qualified taxpayer is
11 allowed to use to calculate a credit under this section.

12 (d) An identification number assigned by the Michigan
13 economic development corporation for the renovation of the
14 historic resource.

15 (9) If a renovation of a historic resource is denied, a
16 taxpayer is not prohibited from subsequently applying under this
17 section for the same renovation or for another renovation.

18 (10) If the taxpayer's credit allowed under this section for
19 a tax year exceeds the taxpayer's tax liability for the tax year,
20 that portion of the credit that exceeds the tax liability for the
21 tax year shall be refunded. If the qualified taxpayer has no tax
22 liability for the tax year, the amount of the claim shall, after
23 examination and review by the department, be approved for
24 payment, without interest, to the qualified taxpayer.

25 (11) The qualified taxpayer shall attach all of the following
26 to the qualified taxpayer's annual return required under this act
27 on which the credit is claimed:

1 (a) Certification of completed renovation.

2 (b) Certification of historic significance related to the
3 historic resource and the costs used to calculate a credit under
4 this section.

5 (c) A financial statement indicating the total costs of the
6 renovation of the historic resource and the source of all funds
7 used to complete the renovation of the historic resource.

8 (12) As used in this section:

9 (a) "Historic resource" means a publicly or privately owned
10 historic building, structure, site, object, feature, or open
11 space located within a historic district designated by the
12 national register of historic places, the state register of
13 historic sites, or a local unit of government acting under the
14 local historic districts act, 1970 PA 169, MCL 399.201 to
15 399.215; or that is individually listed on the state register of
16 historic sites or national register of historic places and
17 includes all of the following:

18 (i) An owner-occupied personal residence or a historic
19 resource located within the property boundaries of that personal
20 residence.

21 (ii) An income-producing commercial, industrial, or
22 residential resource or a historic resource located within the
23 property boundaries of that resource.

24 (iii) A resource owned by a governmental body, nonprofit
25 organization, or tax-exempt entity that is used primarily by a
26 taxpayer lessee in a trade or business unrelated to the
27 governmental body, nonprofit organization, or tax-exempt entity

1 and that is subject to tax under this act.

2 (iv) A resource that is occupied or utilized by a
3 governmental body, nonprofit organization, or tax-exempt entity
4 pursuant to a long-term lease or lease with option to buy
5 agreement.

6 (v) Any other resource that could benefit from renovation.

7 (b) "Municipality" means a township, city, village, or
8 county.

9 (c) "Qualified taxpayer" means a taxpayer that is exempt from
10 taxation under section 501(c)(3) of the internal revenue code.