

**SUBSTITUTE FOR
HOUSE BILL NO. 5788**

A bill to amend 2000 PA 146, entitled
"Obsolete property rehabilitation act,"
by amending section 8 (MCL 125.2788), as amended by 2006 PA 667.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 8. (1) If the taxable value of the property proposed to
2 be exempt pursuant to an application under consideration,
3 considered together with the aggregate taxable value of property
4 exempt under certificates previously granted and currently in force
5 under this act or under 1974 PA 198, MCL 207.551 to 207.572,
6 exceeds 5% of the taxable value of the qualified local governmental
7 unit, the legislative body of the qualified local governmental unit
8 shall make a separate finding and shall include a statement in its
9 resolution approving the application that exceeding that amount
10 shall not have the effect of substantially impeding the operation
11 of the qualified local governmental unit or impairing the financial

1 soundness of an affected taxing unit.

2 (2) The legislative body of the qualified local governmental
3 unit shall not approve an application for an obsolete property
4 exemption certificate unless the applicant complies with all of the
5 following requirements:

6 (a) Except as otherwise provided in subsection (3), the
7 commencement of the rehabilitation of the facility does not occur
8 before the establishment of the obsolete property rehabilitation
9 district.

10 (b) The application relates to a rehabilitation program that
11 when completed constitutes a rehabilitated facility within the
12 meaning of this act and that shall be situated within an obsolete
13 property rehabilitation district established in a qualified local
14 governmental unit eligible under this act to establish such a
15 district.

16 (c) Completion of the rehabilitated facility is calculated to,
17 and will at the time of issuance of the certificate have the
18 reasonable likelihood to, increase commercial activity, create
19 employment, retain employment, prevent a loss of employment,
20 revitalize urban areas, or increase the number of residents in the
21 community in which the facility is situated.

22 (d) The applicant states, in writing, that the rehabilitation
23 of the facility would not be undertaken without the applicant's
24 receipt of the exemption certificate.

25 (e) The applicant is not delinquent in the payment of any
26 taxes related to the facility.

27 (3) The legislative body of a qualified local governmental

1 unit may approve an application for an obsolete property exemption
2 certificate if the commencement of the rehabilitation of the
3 facility occurs before the establishment of the obsolete property
4 rehabilitation district and if 1 or more of the following are met:

5 (a) All of the following are met:

6 (i) The building permit for the rehabilitation of the facility
7 was obtained in October 2002.

8 (ii) The obsolete property rehabilitation district was created
9 in April 2002.

10 (iii) The rehabilitation of the facility included adding
11 additional stories to the facility.

12 (b) All of the following are met:

13 (i) Emergency or temporary repairs or improvements were made
14 before the establishment of the obsolete property rehabilitation
15 district.

16 (ii) The obsolete property rehabilitation district was created
17 in January 2006.

18 (iii) The facility is located in a city with a population of
19 more than 20,500 and less than 27,000 and is located in a county
20 with a population of more than 95,000 and less than 105,000.

21 (4) Notwithstanding any other provisions of this act, for any
22 certificate issued as a result of the enactment of the amendatory
23 act that added subsection (3), the effective date of the
24 certificate shall be December 31, 2006.

25 **(5) BEGINNING JULY 1, 2008, THE LEGISLATIVE BODY OF THE LOCAL**
26 **GOVERNMENTAL UNIT SHALL NOT APPROVE AN APPLICATION FOR AN OBSOLETE**
27 **PROPERTY EXEMPTION CERTIFICATE UNLESS THE APPLICANT STATES, IN**

House Bill No. 5788 (H-1) as amended April 9, 2008

1 WRITING, THAT THE APPLICANT WILL NOT KNOWINGLY HIRE OR CONTRACT

2 WITH ANY BUSINESS ENTITY THAT KNOWINGLY HIRES AN INDIVIDUAL WHO IS

3 NOT AUTHORIZED UNDER FEDERAL LAW TO WORK IN THE UNITED STATES[.

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8 (6) BEGINNING JULY 1, 2008, THE LEGISLATIVE BODY OF THE LOCAL

9 GOVERNMENTAL UNIT SHALL NOT APPROVE AN APPLICATION FOR AN OBSOLETE

10 PROPERTY EXEMPTION CERTIFICATE UNLESS THE APPLICANT STATES, IN

11 WRITING, THAT THE APPLICANT WILL DO ALL OF THE FOLLOWING:

12 (A) MAKE A GOOD FAITH EFFORT TO EMPLOY, IF QUALIFIED, MICHIGAN
13 RESIDENTS AT THE FACILITY.

14 (B) MAKE A GOOD FAITH EFFORT TO EMPLOY OR CONTRACT WITH
15 MICHIGAN RESIDENTS AND FIRMS TO CONSTRUCT, REHABILITATE, DEVELOP,
16 OR RENOVATE THE FACILITY.

17 (C) MAKE A GOOD FAITH EFFORT TO UTILIZE MICHIGAN-BASED
18 SUPPLIERS AND VENDORS WHEN PURCHASING GOODS AND SERVICES.

19 (7) BEGINNING JULY 1, 2008, THE WRITTEN AGREEMENT DESCRIBED IN
20 SUBSECTION (5) SHALL ALSO CONTAIN A REMEDY PROVISION THAT PROVIDES
21 FOR ALL OF, BUT NOT LIMITED TO, THE FOLLOWING:

22 (A) A REQUIREMENT THAT THE APPLICANT'S OBSOLETE PROPERTY
23 EXEMPTION CERTIFICATE IS REVOKED UNDER THIS ACT IF THE APPLICANT IS
24 DETERMINED TO BE IN VIOLATION OF SUBSECTION (5), AS DETERMINED BY
25 THE LEGISLATIVE BODY OF THE LOCAL GOVERNMENTAL UNIT.

26 (B) A REQUIREMENT THAT THE APPLICANT MAY BE REQUIRED TO REPAY
27 SOME OR ALL OF THE BENEFITS RECEIVED UNDER THIS ACT IF THE

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1 APPLICANT IS DETERMINED TO BE IN VIOLATION OF THE PROVISIONS OF
2 SUBSECTION (5), AS DETERMINED BY THE LEGISLATIVE BODY OF THE LOCAL
3 GOVERNMENTAL UNIT.

4 (8) NOT LATER THAN FEBRUARY 1 EACH YEAR, THE LEGISLATIVE BODY
5 OF THE LOCAL GOVERNMENTAL UNIT SHALL REPORT TO THE BOARD OF THE
6 MICHIGAN STRATEGIC FUND ON THE ACTIVITIES FOR THE IMMEDIATELY
7 PRECEDING FISCAL YEAR. THE REPORT SHALL CONTAIN ALL OF THE
8 FOLLOWING:

9 (A) THE NUMBER OF MICHIGAN RESIDENTS EMPLOYED IN NEW JOBS FROM
10 THE RENOVATION, RESTORATION, OR CONSTRUCTION OF A FACILITY FOR
11 WHICH AN OBSOLETE PROPERTY EXEMPTION CERTIFICATE WAS GRANTED IN THE
12 IMMEDIATELY PRECEDING YEAR.

13 (B) THE NUMBER OF NEW JOBS CREATED FROM THE RENOVATION,
14 RESTORATION, OR CONSTRUCTION OF A FACILITY FOR WHICH AN OBSOLETE
15 PROPERTY EXEMPTION CERTIFICATE WAS GRANTED IN THE IMMEDIATELY
16 PRECEDING YEAR.

17 (C) THE DETAILS OF THE GOOD FAITH EFFORTS REQUIRED OF THE
18 APPLICANT DESCRIBED IN SUBSECTION (6) (A), (B), AND (C).

[(9) THE ATTORNEY GENERAL OF THIS STATE, OR OTHER APPROPRIATE
STATE AGENCY, SHALL BE RESPONSIBLE FOR ANY ENFORCEMENT NECESSARY TO
ENSURE COMPLIANCE AFTER THE APPLICANT HAS SIGNED THE AGREEMENT UNDER THE
PROVISIONS DESCRIBED IN SUBSECTIONS (5), (6), AND (7).]