

**SUBSTITUTE FOR
HOUSE BILL NO. 4548**

A bill to amend 2007 PA 36, entitled
"Michigan business tax act,"
by amending section 435 (MCL 208.1435), as amended by 2009 PA 192.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 435. (1) A qualified taxpayer with a rehabilitation plan
2 certified after December 31, 2007 or a qualified taxpayer that has
3 a rehabilitation plan certified before January 1, 2008 under
4 section 39c of former 1975 PA 228 for the rehabilitation of an
5 historic resource for which a certification of completed
6 rehabilitation has been issued after the end of the taxpayer's last
7 tax year may credit against the tax imposed by this act the amount
8 determined pursuant to subsection (2) for the qualified
9 expenditures for the rehabilitation of an historic resource
10 pursuant to the rehabilitation plan in the year in which the

1 certification of completed rehabilitation of the historic resource
2 is issued. Only those expenditures that are paid or incurred during
3 the time periods prescribed for the credit under section 47(a)(2)
4 of the internal revenue code and any related treasury regulations
5 shall be considered qualified expenditures.

6 (2) The credit allowed under this subsection shall be 25% of
7 the qualified expenditures that are eligible, or would have been
8 eligible except that the taxpayer entered into an agreement under
9 subsection (13), for the credit under section 47(a)(2) of the
10 internal revenue code if the taxpayer is eligible for the credit
11 under section 47(a)(2) of the internal revenue code or, if the
12 taxpayer is not eligible for the credit under section 47(a)(2) of
13 the internal revenue code, 25% of the qualified expenditures that
14 would qualify under section 47(a)(2) of the internal revenue code
15 except that the expenditures are made to an historic resource that
16 is not eligible for the credit under section 47(a)(2) of the
17 internal revenue code, subject to both of the following:

18 (a) A taxpayer with qualified expenditures that are eligible
19 for the credit under section 47(a)(2) of the internal revenue code
20 may not claim a credit under this section for those qualified
21 expenditures unless the taxpayer has claimed and received a credit
22 for those qualified expenditures under section 47(a)(2) of the
23 internal revenue code or the taxpayer has entered into an agreement
24 under subsection (13).

25 (b) A credit under this subsection shall be reduced by the
26 amount of a credit received by the taxpayer for the same qualified
27 expenditures under section 47(a)(2) of the internal revenue code.

1 (3) To be eligible for the credit under subsection (2), the
2 taxpayer shall apply to and receive from the Michigan state housing
3 development authority that the historic significance, the
4 rehabilitation plan, and the completed rehabilitation of the
5 historic resource meet the criteria under subsection (6) and either
6 of the following:

7 (a) All of the following criteria:

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

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

14 (iii) All rehabilitation work has been done to or within the
15 walls, boundaries, or structures of the historic resource or to
16 historic resources located within the property boundaries of the
17 property.

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

23 (4) If a qualified taxpayer is eligible for the credit allowed
24 under section 47(a)(2) of the internal revenue code, the qualified
25 taxpayer shall file for certification with the authority to qualify
26 for the credit allowed under section 47(a)(2) of the internal
27 revenue code. If the qualified taxpayer has previously filed for

1 certification with the authority to qualify for the credit allowed
2 under section 47(a)(2) of the internal revenue code, additional
3 filing for the credit allowed under this section is not required.

4 (5) The authority may inspect an historic resource at any time
5 during the rehabilitation process and may revoke certification of
6 completed rehabilitation if the rehabilitation was not undertaken
7 as represented in the rehabilitation plan or if unapproved
8 alterations to the completed rehabilitation are made during the 5
9 years after the tax year in which the credit was claimed. The
10 authority shall promptly notify the department of a revocation.

11 (6) Qualified expenditures for the rehabilitation of an
12 historic resource may be used to calculate the credit under this
13 section if the historic resource meets 1 of the criteria listed in
14 subdivision (a) and 1 of the criteria listed in subdivision (b):

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

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

20 (ii) A contributing resource located within an historic
21 district listed on the national register of historic places or the
22 state register of historic sites.

23 (iii) A contributing resource located within an historic
24 district designated by a local unit pursuant to an ordinance
25 adopted under the local historic districts act, 1970 PA 169, MCL
26 399.201 to 399.215.

27 (b) The resource meets 1 of the following criteria during the

1 tax year in which a credit under this section is claimed for those
2 qualified expenditures:

3 (i) The historic resource is located in a designated historic
4 district in a local unit of government with an existing ordinance
5 under the local historic districts act, 1970 PA 169, MCL 399.201 to
6 399.215.

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

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

13 (iv) The historic resource is located in an incorporated local
14 unit of government that does not have an ordinance under the local
15 historic districts act, 1970 PA 169, MCL 399.201 to 399.215, and is
16 located within the boundaries of an association that has been
17 chartered under 1889 PA 39, MCL 455.51 to 455.72.

18 (v) The historic resource is subject to a historic
19 preservation easement.

20 (7) For projects for which a certificate of completed
21 rehabilitation is issued for a tax year beginning before January 1,
22 2009, if a qualified taxpayer is a partnership, limited liability
23 company, or subchapter S corporation, the qualified taxpayer may
24 assign all or any portion of a credit allowed under this section to
25 its partners, members, or shareholders, based on the partner's,
26 member's, or shareholder's proportionate share of ownership or
27 based on an alternative method approved by the department. A credit

1 assignment under this subsection is irrevocable and shall be made
2 in the tax year in which a certificate of completed rehabilitation
3 is issued. A qualified taxpayer may claim a portion of a credit and
4 assign the remaining credit amount. A partner, member, or
5 shareholder that is an assignee shall not subsequently assign a
6 credit or any portion of a credit assigned to the partner, member,
7 or shareholder under this subsection. A credit amount assigned
8 under this subsection may be claimed against the partner's,
9 member's, or shareholder's tax liability under this act or under
10 the income tax act of 1967, 1967 PA 281, MCL 206.1 to 206.532. A
11 credit assignment under this subsection shall be made on a form
12 prescribed by the department. The qualified taxpayer and assignees
13 shall attach a copy of the completed assignment form to the
14 department in the tax year in which the assignment is made and
15 attach a copy of the completed assignment form to the annual return
16 required to be filed under this act for that tax year.

17 (8) For projects for which a certificate of completed
18 rehabilitation is issued for a tax year beginning after December
19 31, 2008, a qualified taxpayer may assign all or any portion of the
20 credit allowed under this section. A credit assignment under this
21 subsection is irrevocable and shall be made in the tax year in
22 which a certificate of completed rehabilitation is issued. A
23 qualified taxpayer may claim a portion of a credit and assign the
24 remaining amount. If the qualified taxpayer both claims and assigns
25 portions of the credit, the qualified taxpayer shall claim the
26 portion it claims in the tax year in which a certificate of
27 completed rehabilitation is issued pursuant to this section. An

1 assignee may subsequently assign the credit or any portion of the
2 credit assigned under this subsection to 1 or more assignees. An
3 assignment or subsequent reassignment of a credit can be made in
4 the year the certificate of completed rehabilitation is issued. A
5 credit assignment or subsequent reassignment under this section
6 shall be made on a form prescribed by the department. The
7 department or its designee shall review and issue a completed
8 assignment or reassignment certificate to the assignee or
9 reassignee. A credit amount assigned under this subsection may be
10 claimed against the assignees' tax under this act or under the
11 income tax act of 1967, 1967 PA 281, MCL 206.1 to 206.532. An
12 assignee or subsequent reassignee shall attach a copy of the
13 completed assignment certificate to the annual return required to
14 be filed under this act or under the income tax act of 1967, 1967
15 PA 281, MCL 206.1 to 206.532, for the tax year in which the
16 assignment or reassignment is made and the assignee or reassignee
17 first claims the credit, which shall be the same tax year.

18 (9) If the credit allowed under this section for the tax year
19 and any unused carryforward of the credit allowed by this section
20 exceed the taxpayer's tax liability for the tax year, that portion
21 that exceeds the tax liability for the tax year shall not be
22 refunded but may be carried forward to offset tax liability in
23 subsequent tax years for 10 years or until used up, whichever
24 occurs first. If a qualified taxpayer has an unused carryforward of
25 a credit under this section, the amount otherwise added under
26 subsection (10), (11), or (12) to the qualified taxpayer's tax
27 liability may instead be used to reduce the qualified taxpayer's

1 carryforward under this section. An unused carryforward of a credit
2 under section 39c of former 1975 PA 228 that was unused at the end
3 of the last tax year for which former 1975 PA 228 was in effect may
4 be claimed against the tax imposed under this act for the years the
5 carryforward would have been available under section 39c of former
6 1975 PA 228. For projects for which a certificate of completed
7 rehabilitation is issued for a tax year beginning after December
8 31, 2008 and for which the credit amount allowed is less than
9 \$250,000.00, a qualified taxpayer may elect to forgo the carryover
10 period and receive a refund of the amount of the credit that
11 exceeds the qualified taxpayer's tax liability. The amount of the
12 refund shall be equal to 90% of the amount of the credit that
13 exceeds the qualified taxpayer's tax liability. An election under
14 this subsection shall be made in the year that a certificate of
15 completed rehabilitation is issued and shall be irrevocable.

16 (10) For tax years beginning before January 1, 2009, if the
17 taxpayer sells an historic resource for which a credit was claimed
18 under this section or under section 39c of former 1975 PA 228 less
19 than 5 years after the year in which the credit was claimed, the
20 following percentage of the credit amount previously claimed
21 relative to that historic resource shall be added back to the tax
22 liability of the taxpayer in the year of the sale:

23 (a) If the sale is less than 1 year after the year in which
24 the credit was claimed, 100%.

25 (b) If the sale is at least 1 year but less than 2 years after
26 the year in which the credit was claimed, 80%.

27 (c) If the sale is at least 2 years but less than 3 years

1 after the year in which the credit was claimed, 60%.

2 (d) If the sale is at least 3 years but less than 4 years
3 after the year in which the credit was claimed, 40%.

4 (e) If the sale is at least 4 years but less than 5 years
5 after the year in which the credit was claimed, 20%.

6 (f) If the sale is 5 years or more after the year in which the
7 credit was claimed, an addback to the taxpayer's tax liability
8 shall not be made.

9 (11) For tax years beginning before January 1, 2009, if a
10 certification of completed rehabilitation is revoked under
11 subsection (5) less than 5 years after the year in which a credit
12 was claimed under this section or under section 39c of former 1975
13 PA 228, the following percentage of the credit amount previously
14 claimed relative to that historic resource shall be added back to
15 the tax liability of the taxpayer in the year of the revocation:

16 (a) If the revocation is less than 1 year after the year in
17 which the credit was claimed, 100%.

18 (b) If the revocation is at least 1 year but less than 2 years
19 after the year in which the credit was claimed, 80%.

20 (c) If the revocation is at least 2 years but less than 3
21 years after the year in which the credit was claimed, 60%.

22 (d) If the revocation is at least 3 years but less than 4
23 years after the year in which the credit was claimed, 40%.

24 (e) If the revocation is at least 4 years but less than 5
25 years after the year in which the credit was claimed, 20%.

26 (f) If the revocation is 5 years or more after the year in
27 which the credit was claimed, an addback to the taxpayer's tax

1 liability shall not be made.

2 (12) Except as otherwise provided under subsection (13), for
3 tax years beginning after December 31, 2008, if a certificate of
4 completed rehabilitation is revoked under subsection (5), a
5 preapproval letter is revoked under subsection (23)(b), or an
6 historic resource is sold or disposed of less than 5 years after
7 the historic resource is placed in service as defined in section
8 47(b)(1) of the internal revenue code and related treasury
9 regulations or if a certificate of completed rehabilitation issued
10 after December 1, 2008 is revoked under subsection (5) during a tax
11 year beginning after December 31, 2008, a preapproval letter issued
12 after December 1, 2008 is revoked under subsection (23)(b) during a
13 tax year beginning after December 31, 2008, or an historic resource
14 is sold or disposed of less than 5 years after the historic
15 resource is placed in service during a tax year beginning after
16 December 31, 2008, the following percentage of the credit amount
17 previously claimed relative to that historic resource shall be
18 added back to the tax liability of the qualified taxpayer that
19 received the certificate of completed rehabilitation and not the
20 assignee in the year of the revocation:

21 (a) If the revocation is less than 1 year after the historic
22 resource is placed in service, 100%.

23 (b) If the revocation is at least 1 year but less than 2 years
24 after the historic resource is placed in service, 80%.

25 (c) If the revocation is at least 2 years but less than 3
26 years after the historic resource is placed in service, 60%.

27 (d) If the revocation is at least 3 years but less than 4

1 years after the historic resource is placed in service, 40%.

2 (e) If the revocation is at least 4 years but less than 5
3 years after the historic resource is placed in service, 20%.

4 (f) If the revocation is at least 5 years or more after the
5 historic resource is placed in service, an addback to the qualified
6 taxpayer tax liability shall not be required.

7 (13) Subsection (12) shall not apply if the qualified taxpayer
8 enters into a written agreement with the authority that will allow
9 for the transfer or sale of the historic resource and provides the
10 following:

11 (a) Reasonable assurance that subsequent to the transfer the
12 property will remain a historic resource during the 5-year period
13 after the historic resource is placed in service.

14 (b) A method that the department can recover an amount from
15 the taxpayer equal to the appropriate percentage of credit added
16 back as described under subsection (12).

17 (c) An encumbrance on the title to the historic resource being
18 sold or transferred, stating that the property must remain a
19 historic resource throughout the 5-year period after the historic
20 resource is placed in service.

21 (d) A provision for the payment by the taxpayer of all legal
22 and professional fees associated with the drafting, review, and
23 recording of the written agreement required under this subsection.

24 (14) The authority may impose a fee to cover the
25 administrative cost of implementing the program under this section.

26 (15) The qualified taxpayer shall attach all of the following
27 to the qualified taxpayer's annual return required under this act

1 or under the income tax act of 1967, 1967 PA 281, MCL 206.1 to
2 206.532, if applicable, on which the credit is claimed:

3 (a) Certification of completed rehabilitation.

4 (b) Certification of historic significance related to the
5 historic resource and the qualified expenditures used to claim a
6 credit under this section.

7 (c) A completed assignment form if the qualified taxpayer or
8 assignee has assigned any portion of a credit allowed under this
9 section or if the taxpayer is an assignee of any portion of a
10 credit allowed under this section.

11 (16) The authority may promulgate rules to implement this
12 section pursuant to the administrative procedures act of 1969, 1969
13 PA 306, MCL 24.201 to 24.328.

14 (17) The total of the credits claimed under subsection (2) and
15 section 266 of the income tax act of 1967, 1967 PA 281, MCL
16 206.266, for a rehabilitation project shall not exceed 25% of the
17 total qualified expenditures eligible for the credit under
18 subsection (2) for that rehabilitation project.

19 (18) The authority shall report all of the following to the
20 legislature annually for the immediately preceding state fiscal
21 year:

22 (a) The fee schedule used by the authority and the total
23 amount of fees collected.

24 (b) A description of each rehabilitation project certified.

25 (c) The location of each new and ongoing rehabilitation
26 project.

27 (19) In addition to the credit allowed under subsection (2)

1 and subject to the criteria under this subsection and subsections
2 (21), (22), and (23), for tax years that begin on and after January
3 1, 2009 a qualified taxpayer that has a preapproval letter issued
4 on or before December 31, 2013 may claim an additional credit that
5 has been approved under this subsection or subsection (20) against
6 the tax imposed by this act equal to a percentage established in
7 the taxpayer's preapproval letter of the qualified taxpayer's
8 qualified expenditures for the rehabilitation of an historic
9 resource or the actual amount of the qualified taxpayer's qualified
10 expenditures incurred during the completion of the rehabilitation
11 of an historic resource, whichever is less. The authority may
12 approve 1 credit under this subsection for a qualified taxpayer
13 that receives a certificate of completed rehabilitation for a
14 credit under subsection (2) on or after January 1, 2009 and before
15 November 15, 2009 notwithstanding that the qualified taxpayer has
16 not received a preapproval letter for a credit under this
17 subsection. The qualified taxpayer must apply for the additional
18 credit under this subsection before January 1, 2010. If the
19 additional credit approved under this subsection for a qualified
20 taxpayer that has not received a preapproval letter on or before
21 December 31, 2009 exceeds the allotted amount available for
22 additional credits approved under this subsection in the calendar
23 year ending December 31, 2009, then \$2,800,000.00 of the allotted
24 amount available in the calendar year ending December 31, 2010 may
25 be allocated to that 1 credit. The total amount of all additional
26 credits approved under this subsection shall not exceed
27 \$8,000,000.00 in calendar year ending December 31, 2009;

1 \$9,000,000.00 in calendar year ending December 31, 2010;
2 \$10,000,000.00 in calendar year ending December 31, 2011;
3 \$11,000,000.00 in calendar year ending December 31, 2012; and
4 \$12,000,000.00 in calendar year ending December 31, 2013 and,
5 except as otherwise provided under this subsection, at least, 25%
6 of the allotted amount for additional credits approved under this
7 subsection during each calendar year shall be allocated to
8 rehabilitation plans that have \$1,000,000.00 or less in qualified
9 expenditures. On October 1 of each calendar year, if the total of
10 all credits approved under subdivision (a) for the calendar year is
11 less than the minimum allotted amount, the authority may use the
12 remainder of that allotted amount to approve applications for
13 additional credits submitted under subdivision (b) for that
14 calendar year. To be eligible for the additional credit under this
15 subsection, the taxpayer shall apply to and receive a preapproval
16 letter and comply with the following:

17 (a) For a rehabilitation plan that has \$1,000,000.00 or less
18 in qualified expenditures, the taxpayer shall apply to the
19 authority for approval of the additional credit under this
20 subsection. Subject to the limitation provided under this
21 subsection, the authority is authorized to approve an application
22 under this subdivision and determine the percentage of at least 10%
23 but not more than 15% of the taxpayer's qualified expenditures for
24 which he or she may claim an additional credit. If the authority
25 approves the application under this subdivision, then the authority
26 shall issue a preapproval letter to the taxpayer that states that
27 the taxpayer is a qualified taxpayer and the maximum percentage of

1 the qualified expenditures on which a credit may be claimed for the
2 rehabilitation plan when it is complete and a certification of
3 completed rehabilitation is issued.

4 (b) For a rehabilitation plan that has more than \$1,000,000.00
5 in qualified expenditures, the taxpayer shall apply to the
6 authority for approval of the additional credit under this
7 subsection. The authority, subject to the approval of the president
8 of the Michigan strategic fund or his or her designee, is
9 authorized to approve an application under this subdivision and
10 determine the percentage of up to 15% of the taxpayer's qualified
11 expenditures for which he or she may claim an additional credit. An
12 application shall be approved or denied not more than 15 business
13 days after the authority has reviewed the application, determined
14 the percentage amount of the credit for that applicant, and
15 submitted the same to the president of the Michigan strategic fund
16 or his or her designee. If the president of the Michigan strategic
17 fund or his or her designee does not approve or deny the
18 application within 15 business days after the application is
19 received from the authority, the application is considered approved
20 and the credit awarded in the amount as determined by the
21 authority. If the president of the Michigan strategic fund or his
22 or her designee approves the application under this subdivision,
23 the director of the authority shall issue a preapproval letter to
24 the taxpayer that states that the taxpayer is a qualified taxpayer
25 and the maximum percentage of the qualified expenditures on which a
26 credit may be claimed for the rehabilitation plan when it is
27 complete and a certification of completed rehabilitation is issued.

1 (20) Except as otherwise provided under this subsection, the
2 authority, subject to the approval of the president of the Michigan
3 strategic fund and the state treasurer, may approve 3 additional
4 credits during the 2009 calendar year of up to 15% of the qualified
5 taxpayer's qualified expenditures, and 2 additional credits during
6 the 2010, 2011, 2012, and 2013 calendar years of up to 15% of the
7 qualified taxpayer's qualified expenditures, for certain
8 rehabilitation plans that the authority determines is a high
9 community impact rehabilitation plan that will have a significantly
10 greater historic, social, and economic impact than those plans
11 described under subsection (19)(a) and (b). The authority, subject
12 to the approval of the president of the Michigan strategic fund and
13 the state treasurer, may use 1 of the 2 additional credits
14 available during the 2010 calendar year to approve an additional
15 credit during the 2009 calendar year of up to 15% of the qualified
16 taxpayer's qualified expenditures and 1 of the 2 additional credits
17 available during the 2011 calendar year to approve an additional
18 credit during the 2010 calendar year of up to 15% of the qualified
19 taxpayer's qualified expenditures. To be eligible for the
20 additional credit under this subsection, the taxpayer shall apply
21 to and receive a preapproval letter from the authority. An
22 application shall be approved or denied not more than 15 business
23 days after the authority has reviewed the application, determined
24 the percentage amount of the credit for that applicant, and
25 submitted the same to the president of the Michigan strategic fund
26 and the state treasurer. If the president of the Michigan strategic
27 fund and the state treasurer do not approve or deny the application

1 within 15 business days after the application is received from the
2 authority, the application is considered approved and the credit
3 awarded in the amount as determined by the authority. If the
4 president of the Michigan strategic fund and the state treasurer
5 approve the application under this subdivision, the authority shall
6 issue a preapproval letter to the taxpayer that states that the
7 taxpayer is a qualified taxpayer and the maximum percentage of the
8 qualified expenditures on which a credit may be claimed for the
9 high community impact rehabilitation plan when it is complete and a
10 certification of completed rehabilitation is issued. Before
11 approving a credit under this subsection, the authority shall
12 consider all of the following criteria to the extent reasonably
13 applicable:

14 (a) The importance of the historic resource to the community
15 in which it is located.

16 (b) If the rehabilitation of the historic resource will act as
17 a catalyst for additional rehabilitation or revitalization of the
18 community in which it is located.

19 (c) The potential that the rehabilitation of the historic
20 resource will have for creating or preserving jobs and employment
21 in the community in which it is located.

22 (d) Other social benefits the rehabilitation of the historic
23 resource will bring to the community in which it is located.

24 (e) The amount of local community and financial support for
25 the rehabilitation of the historic resource.

26 (f) The taxpayer's financial need of the additional credit.

27 (g) Whether the taxpayer is eligible for the credit allowed

1 under section 47(a)(2) of the internal revenue code.

2 (h) Any other criteria that the authority, the president of
3 the Michigan strategic fund, and the state treasurer consider
4 appropriate for the determination of approval under this
5 subsection.

6 (21) The maximum amount of credit that a taxpayer or an
7 assignee may claim under subsection (20) during a tax year is
8 \$3,000,000.00. If the amount of the credit approved in the
9 taxpayer's certificate of completed renovation is greater than
10 \$3,000,000.00 that portion that exceeds the cap shall be carried
11 forward to offset tax liability in subsequent tax years until used
12 up.

13 (22) Before approving a credit, determining the amount of such
14 credit, and issuing a preapproval letter for such credit under
15 subsection (19) or before considering an amendment to the
16 preapproval letter, the authority shall consider the following
17 criteria to the extent reasonably applicable:

18 (a) The importance of the historic resource to the community.

19 (b) The physical condition of the historic resource.

20 (c) The taxpayer's financial need of the additional credit.

21 (d) The overall economic impact the renovation will have on
22 the community.

23 (e) Any other criteria that the authority and the president of
24 the Michigan strategic fund, as applicable, consider appropriate
25 for the determination of approval under subsection (19).

26 (23) The authority may at any time before a certification of
27 completed rehabilitation is issued for a credit for which a

1 preapproval letter was issued pursuant to subsection (19) do the
2 following:

3 (a) Subject to the limitations and parameters under subsection
4 (19), make amendments to the preapproval letter, which may include
5 revising the amount of qualified expenditures for which the
6 taxpayer may claim the additional credit under subsection (19).

7 (b) Revoke the preapproval letter if the authority determines
8 that there has not been substantial progress toward completion of
9 the rehabilitation plan or that the rehabilitation plan cannot be
10 completed. The authority shall provide the qualified taxpayer with
11 a notice of his or her intent to revoke the preapproval letter 45
12 days prior to the proposed date of revocation.

13 (24) If a preapproval letter is revoked under subsection
14 (23)(b), the amount of the credit approved under that preapproval
15 letter shall be added to the annual cap in the calendar year that
16 the preapproval letter is revoked. After a certification of
17 completed rehabilitation is issued for a rehabilitation plan
18 approved under subsection (19), if the authority determines that
19 the actual amount of the additional credit to be claimed by the
20 taxpayer for the calendar year is less than the amount approved
21 under the preapproval letter, the difference shall be added to the
22 annual cap in the calendar year that the certification of completed
23 rehabilitation is issued.

24 (25) Unless otherwise specifically provided under subsections
25 (19) through (24), all other provisions under this section such as
26 the recapture of credits, assignment of credits, and refundability
27 of credits in excess of a qualified taxpayer's tax liability apply

1 to the additional credits issued under subsections (19) and (20).

2 (26) In addition to meeting the criteria in subsection (20) (a)
3 through (h), 3 of the credits available under subsection (20),
4 including the credit used from the 2010 calendar year, and approved
5 during the 2009 calendar year for a high community impact
6 rehabilitation plan shall be for an application meeting 1 of the
7 following criteria:

8 (a) All of the following:

9 (i) The historic resource must be at least 70 years old.

10 (ii) The historic resource must comprise at least 500,000 total
11 square feet.

12 (iii) The historic resource must be located in a county with a
13 population of more than 1,500,000.

14 (iv) The historic resource must be located in a city with an
15 unemployment rate that is at least 2% higher than the current state
16 average unemployment rate at the time of the application.

17 (b) All of the following:

18 (i) The historic resource must be at least 85 years old.

19 (ii) The historic resource must comprise at least 120,000 total
20 square feet.

21 (iii) The historic resource must be located in a county with a
22 population of more than 400,000 and less than 500,000.

23 (iv) The historic resource must be located in a city with a
24 population of more than 100,000 and less than 125,000.

25 (v) The historic resource must be located in a city with an
26 unemployment rate that is at least 2% higher than the current state
27 average unemployment rate at the time of the application.

1 (c) All of the following:

2 (i) The historic resource must be at least 70 years old.

3 (ii) The historic resource must comprise at least 180,000 total
4 square feet but not more than 250,000 square feet and must exceed
5 30 stories in height.

6 (iii) The historic resource must be located in a county with a
7 population of more than 1,500,000.

8 (iv) The historic resource must be located in a city with an
9 unemployment rate that is at least 2% higher than the current state
10 average unemployment rate at the time of the application.

11 (v) The historic resource must be located in a historic
12 district that contains a park bifurcated by an all-American road
13 designated by the federal highway administration in a city with a
14 population of more than 750,000.

15 (vi) The historic resource must have been included in a
16 rehabilitation plan for which an application was submitted by the
17 application deadline for consideration of an additional credit for
18 the 2009 calendar year for a high community impact rehabilitation
19 plan.

20 (27) In addition to meeting the criteria in subsection (20) (a)
21 through (h), 1 of the credits available under subsection (20),
22 including the credit used from the 2011 calendar year, and approved
23 during the 2010 calendar year for a high community impact
24 rehabilitation plan shall be for an application that meets all of
25 the following criteria:

26 (a) The historic resource must be at least 85 years old.

27 (b) The historic resource must comprise at least 85,000 total

1 square feet.

2 (c) The historic resource must be located in a county with a
3 population of more than 500,000 but less than 600,000 according to
4 the official 2000 federal decennial census.

5 (d) The historic resource must be located in a city with a
6 population of more than 180,000 but less than 200,000 according to
7 the official 2000 federal decennial census.

8 (e) The historic resource is or was formerly owned by the
9 United States government or formerly housed agencies of the United
10 States government, or both.

11 (f) The historic resource houses facilities operated in
12 conjunction with a public university.

13 **(28) FOR TAX YEARS BEGINNING ON OR AFTER APRIL 1, 2010, AN**
14 **OTHERWISE QUALIFIED TAXPAYER WHO FAILS TO COMPLY WITH SECTION 3 OF**
15 **THE MICHIGAN CORPORATE RESPONSIBILITY ACT OR WHO FAILS TO DISCLOSE**
16 **A CIVIL OR CRIMINAL OFFENSE AS REQUIRED BY SECTION 3 OF THE**
17 **MICHIGAN CORPORATE RESPONSIBILITY ACT IS NOT ELIGIBLE FOR THE**
18 **CREDIT UNDER THIS SECTION. THIS SUBSECTION DOES NOT APPLY TO AN**
19 **ASSIGNEE OF A CREDIT UNDER THIS SECTION.**

20 **(29) ~~(28)~~**For purposes of this section, taxpayer includes a
21 person subject to the tax imposed under chapter 2A or 2B.

22 **(30) ~~(29)~~**As used in this section:

23 (a) "Contributing resource" means an historic resource that
24 contributes to the significance of the historic district in which
25 it is located.

26 (b) "Historic district" means an area, or group of areas not
27 necessarily having contiguous boundaries, that contains 1 resource

1 or a group of resources that are related by history, architecture,
2 archaeology, engineering, or culture.

3 (c) "Historic resource" means a publicly or privately owned
4 historic building, structure, site, object, feature, or open space
5 located within an historic district designated by the national
6 register of historic places, the state register of historic sites,
7 or a local unit acting under the local historic districts act, 1970
8 PA 169, MCL 399.201 to 399.215, or that is individually listed on
9 the state register of historic sites or national register of
10 historic places, and includes all of the following:

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

13 (ii) An income-producing commercial, industrial, or residential
14 resource or an historic resource located within the property
15 boundaries of that resource.

16 (iii) A resource owned by a governmental body, nonprofit
17 organization, or tax-exempt entity that is used primarily by a
18 taxpayer lessee in a trade or business unrelated to the
19 governmental body, nonprofit organization, or tax-exempt entity and
20 that is subject to tax under this act.

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

24 (v) Any other resource that could benefit from rehabilitation.

25 (d) "Last tax year" means the taxpayer's tax year under former
26 1975 PA 228 that begins after December 31, 2006 and before January
27 1, 2008.

1 (e) "Local unit" means a county, city, village, or township.

2 (f) "Long-term lease" means a lease term of at least 27.5
3 years for a residential resource or at least 31.5 years for a
4 nonresidential resource.

5 (g) "Michigan state housing development authority" or
6 "authority" means the public body corporate and politic created by
7 section 21 of the state housing development authority act of 1966,
8 1966 PA 346, MCL 125.1421.

9 (h) "Michigan strategic fund" means the Michigan strategic
10 fund created under the Michigan strategic fund act, 1984 PA 270,
11 MCL 125.2001 to 125.2094.

12 (i) "Open space" means undeveloped land, a naturally
13 landscaped area, or a formal or man-made landscaped area that
14 provides a connective link or a buffer between other resources.

15 (j) "Person" means an individual, partnership, corporation,
16 association, governmental entity, or other legal entity.

17 (k) "Preapproval letter" means a letter issued by the
18 authority that indicates the date that the complete part 2
19 application was received and the amount of the credit allocated to
20 the project based on the estimated rehabilitation cost included in
21 the application.

22 (l) "Qualified expenditures" means capital expenditures that
23 qualify, or would qualify except that the taxpayer entered into an
24 agreement under subsection (13), for a rehabilitation credit under
25 section 47(a)(2) of the internal revenue code if the taxpayer is
26 eligible for the credit under section 47(a)(2) of the internal
27 revenue code or, if the taxpayer is not eligible for the credit

1 under section 47(a)(2) of the internal revenue code, the qualified
2 expenditures that would qualify under section 47(a)(2) of the
3 internal revenue code except that the expenditures are made to an
4 historic resource that is not eligible for the credit under section
5 47(a)(2) of the internal revenue code that were paid. Qualified
6 expenditures do not include capital expenditures for nonhistoric
7 additions to an historic resource except an addition that is
8 required by state or federal regulations that relate to historic
9 preservation, safety, or accessibility.

10 (m) "Qualified taxpayer" means a person that either owns the
11 resource to be rehabilitated or has a long-term lease agreement
12 with the owner of the historic resource and that has qualified
13 expenditures for the rehabilitation of the historic resource equal
14 to or greater than 10% of the state equalized valuation of the
15 property. If the historic resource to be rehabilitated is a portion
16 of an historic or nonhistoric resource, the state equalized
17 valuation of only that portion of the property shall be used for
18 purposes of this subdivision. If the assessor for the local tax
19 collecting unit in which the historic resource is located
20 determines the state equalized valuation of that portion, that
21 assessor's determination shall be used for purposes of this
22 subdivision. If the assessor does not determine that state
23 equalized valuation of that portion, qualified expenditures, for
24 purposes of this subdivision, shall be equal to or greater than 5%
25 of the appraised value as determined by a certified appraiser. If
26 the historic resource to be rehabilitated does not have a state
27 equalized valuation, qualified expenditures for purposes of this

1 subdivision shall be equal to or greater than 5% of the appraised
2 value of the resource as determined by a certified appraiser.

3 (n) "Rehabilitation plan" means a plan for the rehabilitation
4 of an historic resource that meets the federal secretary of the
5 interior's standards for rehabilitation and guidelines for
6 rehabilitation of historic buildings under 36 CFR part 67.