

# SENATE BILL NO. 722

December 02, 2025, Introduced by Senator CAVANAGH and referred to Committee on Regulatory Affairs.

A bill to amend 2005 PA 210, entitled  
"Commercial rehabilitation act,"  
by amending sections 2, 6, 7, 14, and 16 (MCL 207.842, 207.846,  
207.847, 207.854, and 207.856), section 2 as amended by 2011 PA 82,  
section 6 as amended by 2019 PA 44, and section 16 as amended by  
2020 PA 217.

## **THE PEOPLE OF THE STATE OF MICHIGAN ENACT:**

- 1       Sec. 2. As used in this act:
- 2       (a) "Commencement" of the rehabilitation means the date the
- 3       first building or other trade permit is issued related to the

1 rehabilitation of the qualified facility, unless sufficient  
 2 documented proof can be provided to show that rehabilitation did  
 3 not start until a later date. Commencement of the rehabilitation  
 4 does not include demolition activity, or the issuance of a  
 5 demolition permit, that occurs before the issue date of the first  
 6 building or other trade permit.

7 (b) ~~(a)~~ "Commercial property" means land improvements  
 8 classified by law for general ad valorem tax purposes as real  
 9 property including real property assessable as personal property  
 10 ~~pursuant to~~ **under** sections 8(d) and 14(6) of the general property  
 11 tax act, 1893 PA 206, MCL 211.8 and 211.14, the primary purpose and  
 12 use of which is the operation of a commercial business enterprise  
 13 or multifamily residential use. Commercial property ~~shall also~~  
 14 ~~include~~ **includes** facilities related to a commercial business  
 15 enterprise under the same ownership at that location, including,  
 16 but not limited to, office, engineering, research and development,  
 17 warehousing, parts distribution, retail sales, and other commercial  
 18 activities. Commercial property also includes a building or group  
 19 of contiguous buildings previously used for industrial purposes  
 20 that will be converted to the operation of a commercial business  
 21 enterprise. Commercial property does not include any of the  
 22 following:

23 (i) Land.

24 (ii) Property of a public utility.

25 (c) ~~(b)~~ "Commercial rehabilitation district" or "district"  
 26 means an area not less than 3 acres in size of a qualified local  
 27 governmental unit established ~~as provided in~~ **under** section 3.  
 28 However, if the commercial rehabilitation district is located in a  
 29 downtown or business area or contains a qualified retail food

1 establishment, as determined by the legislative body of the  
 2 qualified local governmental unit, the district may be less than 3  
 3 acres in size.

4 (d) ~~(e)~~—"Commercial rehabilitation exemption certificate" or  
 5 "certificate" means the certificate issued under section 6.

6 (e) ~~(d)~~—"Commercial rehabilitation tax" means the specific tax  
 7 levied under this act.

8 (f) ~~(e)~~—"Commission" means the state tax commission created by  
 9 1927 PA 360, MCL 209.101 to 209.107.

10 (g) ~~(f)~~—"Department" means the department of treasury.

11 (h) ~~(g)~~—"Multifamily residential use" means multifamily  
 12 housing consisting of 5 or more units.

13 (i) ~~(h)~~—"Qualified facility" means, ~~a~~ **except as otherwise**  
 14 **provided in subdivision (j), any of the following:**

15 (i) **A** qualified retail food establishment or a building or  
 16 group of contiguous buildings of commercial property that is 15  
 17 years old or older or has been allocated for a new markets tax  
 18 credit under section 45D of the internal revenue code **of 1986**, 26  
 19 USC 45D. ~~Qualified facility also includes a~~

20 (ii) **A** building or a group of contiguous buildings, a portion  
 21 of a building or group of contiguous buildings previously used for  
 22 commercial or industrial purposes, obsolete industrial property,  
 23 and vacant property ~~which,~~ **that**, within the immediately preceding  
 24 15 years, was commercial property. ~~as defined in subdivision (a).~~  
 25 ~~Qualified facility shall also include vacant~~

26 (iii) **Vacant** property located in a city with a population of  
 27 more than 500,000 according to the most recent federal decennial  
 28 census and from which a previous structure has been demolished and  
 29 on which commercial property is or will be newly constructed

~~provided-if~~ an application for a certificate has been filed with that city before July 1, 2010. ~~A qualified facility also includes a~~

(iv) A hotel or motel that has additional meeting or convention space that is attached to a convention and trade center that is over 250,000 square feet in size and that is located in a county with a population of more than 1,100,000 and less than 1,600,000 as of the most recent decennial census. ~~A qualified~~

(j) **Qualified** facility does not include ~~property-either of the~~ following:

(i) **Property** that is to be used as a professional sports stadium. ~~A qualified facility does not include property~~

(ii) **Property** that is to be used as a casino. As used in this subdivision, ~~subparagraph~~, "casino" means a casino or a parking lot, hotel, motel, or retail store owned or operated by a casino, an affiliate, or an affiliated company, regulated by this state pursuant to ~~under~~ the Michigan ~~gaming control and revenue act~~, **Gaming Control and Revenue Act**, 1996 IL 1, MCL 432.201 to 432.226.

(k) ~~(i)~~ "Qualified local governmental unit" means a city, village, or township.

(l) ~~(j)~~ "Qualified retail food establishment" means property that meets all of the following **requirements**:

(i) The property will be used primarily as a retail supermarket, grocery store, produce market, or delicatessen that offers unprocessed USDA-inspected meat and poultry products or meat products that carry the USDA organic seal, fresh fruits and vegetables, and dairy products for sale to the public.

(ii) The property ~~meets~~ **is located in an underserved area in a qualified local governmental unit that is** 1 of the following:

(A) ~~Is located in a qualified local governmental unit that is~~

~~also located in a~~ **A** qualified local governmental unit as defined in section 2 of the obsolete property rehabilitation act, 2000 PA 146, MCL 125.2782. ~~, and is located in an underserved area.~~

~~(B) Is located in a qualified local governmental unit that is designated~~ **Designated** as rural as defined by the United States census bureau and ~~is located in an underserved area.~~ **Census Bureau.**

(iii) The property was used as residential, commercial, or industrial property as allowed and conducted under the applicable zoning ordinance for the immediately preceding 30 years.

(m) ~~(k)~~ "Rehabilitation" means, **except as otherwise provided in subdivision (n)**, changes to a qualified facility that are required to restore or modify the property, together with all appurtenances, to an economically efficient condition. Rehabilitation includes ~~major~~ **all of the following:**

(i) **Major** renovation and modification including, but not necessarily limited to, **all of the following:**

(A) **The** improvement of floor loads. ~~τ~~

(B) **The** correction of deficient or excessive height. ~~τ~~ **new**

(C) **New** or improved fixed building equipment, including heating, ventilation, and lighting. ~~τ~~ **reducing**

(D) **Reducing** multistory facilities to 1 or 2 stories. ~~τ~~ **improved**

(E) **Improved** structural support, including foundations. ~~τ~~ **improved**

(F) **Improved** roof structure and cover. ~~τ~~ **floor**

(G) **Floor** replacement. ~~τ~~ **improved**

(H) **Improved** wall placement. ~~τ~~ **improved**

(I) **Improved** exterior and interior appearance of buildings. ~~τ~~ **and other**

1       **(J) Other** physical changes required to restore or change the  
 2 property to an economically efficient condition. ~~Rehabilitation for~~  
 3 ~~a~~

4       **(ii) New construction of a** qualified retail food establishment.  
 5 ~~also includes new construction. Rehabilitation also includes new~~

6       **(iii) New** construction of a qualified facility that is a hotel  
 7 or motel that has additional meeting or convention space that is  
 8 attached to a convention and trade center that is over 250,000  
 9 square feet in size **and** that is located in a county with a  
 10 population of more than 1,100,000 and less than 1,600,000 as of the  
 11 most recent decennial census, if ~~that~~**the** new construction is an  
 12 economic benefit to the local community as determined by the  
 13 qualified local governmental unit. ~~Rehabilitation also includes new~~

14       **(iv) New** construction on vacant property from which a previous  
 15 structure has been demolished, ~~and~~ if the new construction is an  
 16 economic benefit to the local community as determined by the  
 17 qualified local governmental unit.

18       **(n)** Rehabilitation ~~shall~~**does** not include improvements  
 19 aggregating less than 10% of the true cash value of the property at  
 20 commencement of the rehabilitation of the qualified facility.

21       **(o)** ~~(l)~~ "Taxable value" means the value determined under  
 22 section 27a of the general property tax act, 1893 PA 206, MCL  
 23 211.27a.

24       **(p)** ~~(m)~~ "Underserved area" means an area determined by the  
 25 ~~Michigan~~ department of agriculture **and rural development** that  
 26 contains a low or moderate income census tract and a below average  
 27 supermarket density, an area that has a supermarket customer base  
 28 with more than 50% living in a low income census tract, or an area  
 29 that has demonstrated significant access limitations due to travel

1 distance.

2 Sec. 6. (1) Not more than 60 days after receipt of a copy of  
3 the application and resolution adopted under section 5, the  
4 commission shall approve or disapprove the resolution.

5 (2) Following approval of the application by the legislative  
6 body of the qualified local governmental unit and the commission,  
7 the commission shall issue to the applicant a commercial  
8 rehabilitation exemption certificate in the form the commission  
9 determines, which ~~shall~~**must** contain all of the following:

10 ~~(a) A legal description of the real property on which the~~  
11 ~~qualified facility is located.~~

12 **(a)** ~~(b)~~ A statement that unless revoked as provided in this  
13 act the certificate ~~shall remain~~**remains** in force for the period  
14 stated in the certificate.

15 **(b)** ~~(c)~~ A statement of the taxable value of the qualified  
16 facility, separately stated for real and personal property, for the  
17 tax year immediately preceding the effective date of the  
18 certificate after deducting the taxable value of the land and  
19 personal property other than personal property assessed ~~pursuant to~~  
20 **under** sections 8(d) and 14(6) of the general property tax act, 1893  
21 PA 206, MCL 211.8 and 211.14.

22 ~~(d) A statement of the period of time authorized by the~~  
23 ~~legislative body of the qualified local governmental unit within~~  
24 ~~which the rehabilitation shall be completed.~~

25 ~~(e) If the period of time authorized by the legislative body~~  
26 ~~of the qualified local governmental unit pursuant to subdivision~~  
27 ~~(b) is less than 10 years, the exemption certificate shall contain~~  
28 ~~the factors, criteria, and objectives, as determined by the~~  
29 ~~resolution of the qualified local governmental unit, necessary for~~

1 ~~extending the period of time, if any.~~

2 (3) Except as otherwise provided in **subsection (5) or** section  
3 8(4), the effective date of the certificate is the December 31  
4 immediately following the date of issuance of the certificate.

5 (4) The commission shall file with the clerk of the qualified  
6 local governmental unit a copy of the commercial rehabilitation  
7 exemption certificate, and the commission shall maintain a record  
8 of all certificates filed. The commission shall also send ~~, by~~  
9 ~~certified mail,~~ a copy of the commercial rehabilitation exemption  
10 certificate to the applicant and the assessor of the local tax  
11 collecting unit in which the qualified facility is located.

12 (5) If the commission receives an application under this act  
13 for a commercial rehabilitation exemption certificate and the  
14 application is made complete before the October 31 following the  
15 year in which the application is received by the commission, the  
16 commission may issue for that property a commercial rehabilitation  
17 exemption certificate that has an effective date of December 31 of  
18 the year in which the application was received by the commission.

19 (6) If an error or mistake in an application for a commercial  
20 rehabilitation exemption certificate is discovered after the  
21 qualified local governmental unit has passed a resolution approving  
22 the application or after the commission has issued a certificate  
23 for the application, an applicant may submit an amended application  
24 in the same manner as an original application under this act that  
25 corrects the error or mistake. The legislative body of the  
26 qualified local governmental unit and the commission may approve or  
27 deny the amended application. If the commission previously issued a  
28 certificate for the original application and approves an amended  
29 application under this subsection, the commission shall issue an



1 **amended certificate for the amended application pursuant to this**  
 2 **section with the same effective date as the original certificate.**

3       Sec. 7. (1) A qualified facility for which a commercial  
 4 rehabilitation exemption certificate is in effect, but not the land  
 5 on which the rehabilitated facility is located, or personal  
 6 property other than personal property assessed ~~pursuant to~~ **under**  
 7 sections 8(d) and 14(6) of the general property tax act, 1893 PA  
 8 206, MCL 211.8 and 211.14, for the period on and after the  
 9 effective date of the certificate and continuing so long as the  
 10 commercial rehabilitation exemption certificate is in force, is  
 11 exempt from ad valorem property taxes collected under the general  
 12 property tax act, 1893 PA 206, MCL 211.1 to ~~211.157~~ **211.155**.

13       (2) Unless earlier revoked as provided in section 12, a  
 14 commercial rehabilitation exemption certificate ~~shall remain~~  
 15 **remains** in force and effect for a period to be determined by the  
 16 legislative body of the qualified local governmental unit. The  
 17 certificate may be issued for a period of at least 1 year, but not  
 18 to exceed ~~10-12~~ years. If the number of years determined is less  
 19 than ~~10, 12~~, **subject to subsection (3)**, the certificate may be  
 20 ~~subject to review~~ **reviewed** by the legislative body of the qualified  
 21 local governmental unit and ~~the certificate may be extended~~. The  
 22 total amount of time determined for the certificate including any  
 23 extensions ~~shall~~ **must** not exceed ~~10-12~~ years after the completion  
 24 of the qualified facility. The certificate ~~shall commence with~~  
 25 **commences on** its effective date and ~~end~~ **ends** on ~~the~~ December 31  
 26 ~~immediately following the last day~~ **30 of the last year** of the  
 27 number of years determined. The date of issuance of a certificate  
 28 of occupancy, if required by appropriate authority, ~~shall be~~ **is**  
 29 **considered** the date of completion of the qualified facility.

(3) If the number of years determined by the legislative body of the qualified local governmental unit for the period a certificate remains in force is less than ~~10~~**12** years, the review of the certificate for the purpose of determining an extension ~~shall under subsection (2) must~~ be based ~~upon~~**on** factors, criteria, and objectives that ~~shall be~~**are** placed in writing, determined and approved ~~at the time when~~ the certificate is approved by resolution of the legislative body of the qualified local governmental unit and sent, by certified mail, to the applicant, the assessor of the local tax collecting unit in which the qualified facility is located, and the commission.

Sec. 14. Not later than ~~October~~**June** 15 each year, each qualified local governmental unit granting a commercial rehabilitation exemption shall report to the commission on the status of each exemption. The report must include the current value of the property to which the exemption pertains, the value on which the commercial rehabilitation tax is based, and a current estimate of the number of jobs retained or created by the exemption.

Sec. 16. A new exemption shall not be granted under this act after December 31, ~~2025~~**2035**, but an exemption ~~then~~**in effect** ~~shall continue on that date continues~~ until the expiration of the exemption certificate.