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Historic Preservation Tax Credits

3 messages

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Mr. Mayor,

Please see the below policy briefing regarding Senate Bill 54 and House Bill 5100, both of which have been introduced this session, but have not had a committee hearing. There are ongoing discussions about these bills being brought up in committee and potentially passing to their respective floors. The legislation has been supported by dozens of communities and the Michigan Municipal League. We are happy to discuss these bills in more detail before the City Council as needed.

Historic Preservation Tax Credits Overview

When Public Acts 38, 39, and 40 of 2011 took effect, the State Historic Preservation Tax Credit was eliminated to help save state dollars during the recession. Senate Bill 54, sponsored by Senator Schmidt (R-Traverse City), and House Bill 4100, sponsored by Representative Frederick (R-Owosso), would reestablish the State Historic Preservation Tax Credit, which incentivizes investment in historical restoration. These are reintroductions from last session. Last session, Senator Schmidt's bill, SB 469, made it out of the Senate, but died on the House floor.

Generally, the legislation provides a tax credit which residents can obtain within a historic district if they make improvements to their property. Often these older properties are expensive to improve and restore, so these credits help bridge the gap for many home and business owners. The credits also help preserve historic architecture in some areas, which normally has a net positive effect on property values.

The following is a breakdown of how the tax credit would be established in law:

- A qualified taxpayer with a rehabilitation plan certified after December 31, 2017 would be allowed a one-time credit against the income tax or Corporate Income Tax (CIT) at 25% of the qualified rehabilitation expenditures
- The taxpayer would have to apply and be certified by the Michigan State Housing Development Authority (MSHDA) in order to be eligible
- The taxpayer would need to first utilize the full credit available to them under the federal tax code, which is spread out over 5 years per the changes made by President Trump and congress in 2017 (note: the state credit may only be used in one of the five tax years)
- The portion of the credit that exceeded the taxpayer's tax liability limit for the year would not be refunded, but could be carried forward to offset tax liability in subsequent tax years for 10 years or until used up
- A taxpayer would be allowed to elect to forgo the carryover period and receive a refund equal to 90% of the amount of the credit that exceeds the tax liability if the credit was less than \$250,000
- A percentage of the credit would be added back to the tax liability of the taxpayer if the certificate of completed rehabilitation was revoked or if the historic resource was sold or disposed of

- MSHDA would be able to inspect historic resources at any time
- The total of the credits claimed could not exceed 25% of the total qualified expenditures eligible for a credit for that project

*Note this a tax credit and is not related to tax deductions increasing in 2017 as a result of the tax reforms passed by Congress

The bill defines historical resource, qualified taxpayer, qualified expenditure, and rehabilitation plan, as well as outlines credit eligibility, historic resource criteria, carryforward, refund and revocation, transfer of credit, assignment of credit, authority inspection, and a few additional provisions.

Arguments in favor:

Organizations in favor of this legislation argue that the program was effective, leveraging almost \$1.5 billion in direct rehabilitation activity and \$251 million in federal historic tax credits, from 1999-2011. The credit provided an incentive for taxpayers to invest in historic sites. Since its removal, there has been a reduction in the number of historic restoration projects.

Arguments in opposition:

Those in opposition of the tax credit say historic restoration should not be subsidized by the state.

In 2018, the Michigan Department of Treasury, said the bill would reduce state revenues by between \$1.0 and \$3.1 million annually, with the majority of the revenue loss affecting the state's General Fund.

Please find attached:

Senate Bill 54 of 2019

House Bill 4100 of 2019

Senate Bill 469 of 2018 as passed by the Senate

House Fiscal Analysis of SB 469 as passed by the Senate – this is the most up to date analysis of the bill that touches on the implications of the 2017 federal tax reforms

4 attachments

 **HB 4100 of 2019.pdf**
190K

 **SB 54 of 2019.pdf**
123K

 **SB 469 of 2018 as passed the Senate.pdf**
82K

 **SB 469 (S-1) House Fiscal Analysis.pdf**
326K

SENATE BILL No. 54

January 23, 2019, Introduced by Senators SCHMIDT, CHANG, HORN, ZORN and IRWIN and referred to the Committee on Finance.

A bill to amend 1967 PA 281, entitled
"Income tax act of 1967,"
(MCL 206.1 to 206.713) by adding sections 266a and 675.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 SEC. 266A. (1) A QUALIFIED TAXPAYER WITH A REHABILITATION PLAN
2 CERTIFIED AFTER DECEMBER 31, 2018 MAY CREDIT AGAINST THE TAX
3 IMPOSED BY THIS PART THE AMOUNT DETERMINED PURSUANT TO SUBSECTION
4 (2) FOR THE QUALIFIED EXPENDITURES FOR THE REHABILITATION OF A
5 HISTORIC RESOURCE PURSUANT TO THE REHABILITATION PLAN IN THE YEAR
6 IN WHICH THE CERTIFICATION OF COMPLETED REHABILITATION OF THE
7 HISTORIC RESOURCE IS ISSUED. ONLY THOSE EXPENDITURES THAT ARE PAID
8 OR INCURRED DURING THE TIME PERIODS PRESCRIBED FOR THE CREDIT UNDER
9 SECTION 47(A) (2) OF THE INTERNAL REVENUE CODE AND ANY RELATED
10 TREASURY REGULATIONS SHALL BE CONSIDERED QUALIFIED EXPENDITURES.

1 (2) THE CREDIT ALLOWED UNDER THIS SECTION SHALL BE 25% OF THE
2 QUALIFIED EXPENDITURES THAT ARE ELIGIBLE, OR WOULD HAVE BEEN
3 ELIGIBLE EXCEPT THAT THE TAXPAYER ELECTED TO TRANSFER THE CREDIT
4 UNDER SUBSECTION (10), FOR THE CREDIT UNDER SECTION 47(A)(2) OF THE
5 INTERNAL REVENUE CODE IF THE TAXPAYER IS ELIGIBLE FOR THE CREDIT
6 UNDER SECTION 47(A)(2) OF THE INTERNAL REVENUE CODE OR, IF THE
7 TAXPAYER IS NOT ELIGIBLE FOR THE CREDIT UNDER SECTION 47(A)(2) OF
8 THE INTERNAL REVENUE CODE, 25% OF THE QUALIFIED EXPENDITURES THAT
9 WOULD QUALIFY UNDER SECTION 47(A)(2) OF THE INTERNAL REVENUE CODE
10 EXCEPT THAT THE EXPENDITURES ARE MADE TO A HISTORIC RESOURCE THAT
11 IS NOT ELIGIBLE FOR THE CREDIT UNDER SECTION 47(A)(2) OF THE
12 INTERNAL REVENUE CODE, SUBJECT TO BOTH OF THE FOLLOWING:

13 (A) A TAXPAYER WITH QUALIFIED EXPENDITURES THAT ARE ELIGIBLE
14 FOR THE CREDIT UNDER SECTION 47(A)(2) OF THE INTERNAL REVENUE CODE
15 MAY NOT CLAIM A CREDIT UNDER THIS SECTION FOR THOSE QUALIFIED
16 EXPENDITURES UNLESS THE TAXPAYER HAS CLAIMED AND RECEIVED A CREDIT
17 FOR THOSE QUALIFIED EXPENDITURES UNDER SECTION 47(A)(2) OF THE
18 INTERNAL REVENUE CODE OR THE TAXPAYER HAS ELECTED TO TRANSFER THE
19 CREDIT UNDER SUBSECTION (10).

20 (B) A CREDIT UNDER THIS SECTION SHALL BE REDUCED BY THE AMOUNT
21 OF A CREDIT RECEIVED BY THE TAXPAYER FOR THE SAME QUALIFIED
22 EXPENDITURES UNDER SECTION 47(A)(2) OF THE INTERNAL REVENUE CODE.

23 (3) TO BE ELIGIBLE FOR THE CREDIT UNDER THIS SECTION, THE
24 TAXPAYER SHALL APPLY TO AND RECEIVE CERTIFICATION FROM THE MICHIGAN
25 STATE HOUSING DEVELOPMENT AUTHORITY THAT THE HISTORIC SIGNIFICANCE,
26 THE REHABILITATION PLAN, AND THE COMPLETED REHABILITATION OF THE
27 HISTORIC RESOURCE MEET THE CRITERIA UNDER SUBSECTION (6) AND EITHER

1 OF THE FOLLOWING:

2 (A) ALL OF THE FOLLOWING CRITERIA:

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

5 (ii) BOTH THE REHABILITATION PLAN AND COMPLETED REHABILITATION
6 OF THE HISTORIC RESOURCE MEET THE FEDERAL SECRETARY OF THE
7 INTERIOR'S STANDARDS FOR REHABILITATION AND GUIDELINES FOR
8 REHABILITATING HISTORIC BUILDINGS, 36 CFR PART 67.

9 (iii) ALL REHABILITATION WORK HAS BEEN DONE TO OR WITHIN THE
10 WALLS, BOUNDARIES, OR STRUCTURES OF THE HISTORIC RESOURCE OR TO
11 HISTORIC RESOURCES LOCATED WITHIN THE PROPERTY BOUNDARIES OF THE
12 RESOURCE.

13 (B) THE TAXPAYER HAS RECEIVED CERTIFICATION FROM THE NATIONAL
14 PARK SERVICE THAT THE HISTORIC RESOURCE'S SIGNIFICANCE, THE
15 REHABILITATION PLAN, AND THE COMPLETED REHABILITATION QUALIFY FOR
16 THE CREDIT ALLOWED UNDER SECTION 47(A)(2) OF THE INTERNAL REVENUE
17 CODE.

18 (4) IF A QUALIFIED TAXPAYER IS ELIGIBLE FOR THE CREDIT ALLOWED
19 UNDER SECTION 47(A)(2) OF THE INTERNAL REVENUE CODE, THE QUALIFIED
20 TAXPAYER SHALL FILE FOR CERTIFICATION WITH THE AUTHORITY TO QUALIFY
21 FOR THE CREDIT ALLOWED UNDER SECTION 47(A)(2) OF THE INTERNAL
22 REVENUE CODE. IF THE QUALIFIED TAXPAYER HAS PREVIOUSLY FILED FOR
23 CERTIFICATION WITH THE AUTHORITY TO QUALIFY FOR THE CREDIT ALLOWED
24 UNDER SECTION 47(A)(2) OF THE INTERNAL REVENUE CODE, ADDITIONAL
25 FILING FOR THE CREDIT ALLOWED UNDER THIS SECTION IS NOT REQUIRED.

26 (5) THE AUTHORITY MAY INSPECT A HISTORIC RESOURCE AT ANY TIME
27 DURING THE REHABILITATION PROCESS AND MAY REVOKE CERTIFICATION OF

1 COMPLETED REHABILITATION IF THE REHABILITATION WAS NOT UNDERTAKEN
2 AS REPRESENTED IN THE REHABILITATION PLAN OR IF UNAPPROVED
3 ALTERATIONS TO THE COMPLETED REHABILITATION ARE MADE DURING THE 5
4 YEARS AFTER THE TAX YEAR IN WHICH THE CREDIT WAS CLAIMED. THE
5 AUTHORITY SHALL PROMPTLY NOTIFY THE DEPARTMENT OF A REVOCATION.

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

10 (A) THE RESOURCE IS 1 OF THE FOLLOWING DURING THE TAX YEAR IN
11 WHICH A CREDIT UNDER THIS SECTION IS CLAIMED FOR THOSE QUALIFIED
12 EXPENDITURES:

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

15 (ii) A CONTRIBUTING RESOURCE LOCATED WITHIN A HISTORIC
16 DISTRICT LISTED ON THE NATIONAL REGISTER OF HISTORIC PLACES OR THE
17 STATE REGISTER OF HISTORIC SITES.

18 (iii) A CONTRIBUTING RESOURCE LOCATED WITHIN A HISTORIC
19 DISTRICT DESIGNATED BY A LOCAL UNIT PURSUANT TO AN ORDINANCE
20 ADOPTED UNDER THE LOCAL HISTORIC DISTRICTS ACT, 1970 PA 169, MCL
21 399.201 TO 399.215.

22 (B) THE RESOURCE MEETS 1 OF THE FOLLOWING CRITERIA DURING THE
23 TAX YEAR IN WHICH A CREDIT UNDER THIS SECTION IS CLAIMED FOR THOSE
24 QUALIFIED EXPENDITURES:

25 (i) THE HISTORIC RESOURCE IS LOCATED IN A DESIGNATED HISTORIC
26 DISTRICT IN A LOCAL UNIT OF GOVERNMENT WITH AN EXISTING ORDINANCE
27 UNDER THE LOCAL HISTORIC DISTRICTS ACT, 1970 PA 169, MCL 399.201 TO

1 399.215.

2 (ii) THE HISTORIC RESOURCE IS LOCATED IN AN INCORPORATED LOCAL
3 UNIT OF GOVERNMENT THAT DOES NOT HAVE AN ORDINANCE UNDER THE LOCAL
4 HISTORIC DISTRICTS ACT, 1970 PA 169, MCL 399.201 TO 399.215, AND
5 HAS A POPULATION OF LESS THAN 5,000.

6 (iii) THE HISTORIC RESOURCE IS LOCATED IN AN UNINCORPORATED
7 LOCAL UNIT OF GOVERNMENT.

8 (iv) THE HISTORIC RESOURCE IS LOCATED IN AN INCORPORATED LOCAL
9 UNIT OF GOVERNMENT THAT DOES NOT HAVE AN ORDINANCE UNDER THE LOCAL
10 HISTORIC DISTRICTS ACT, 1970 PA 169, MCL 399.201 TO 399.215, AND IS
11 LOCATED WITHIN THE BOUNDARIES OF AN ASSOCIATION THAT HAS BEEN
12 CHARTERED UNDER 1889 PA 39, MCL 455.51 TO 455.72.

13 (v) THE HISTORIC RESOURCE IS SUBJECT TO A HISTORIC
14 PRESERVATION EASEMENT.

15 (7) A CREDIT AMOUNT ASSIGNED UNDER SECTION 675 MAY BE CLAIMED
16 AGAINST THE PARTNER'S, MEMBER'S, OR SHAREHOLDER'S TAX LIABILITY
17 UNDER THIS PART AS PROVIDED IN SECTION 675.

18 (8) 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 THE CREDIT AMOUNT ALLOWED IS LESS THAN
25 \$250,000.00, A QUALIFIED TAXPAYER MAY ELECT TO FORGO THE CARRYOVER
26 PERIOD AND RECEIVE A REFUND OF THE AMOUNT OF THE CREDIT THAT
27 EXCEEDS THE QUALIFIED TAXPAYER'S TAX LIABILITY. THE AMOUNT OF THE

1 REFUND SHALL BE EQUAL TO 90% OF THE AMOUNT OF THE CREDIT THAT
2 EXCEEDS THE QUALIFIED TAXPAYER'S TAX LIABILITY. AN ELECTION UNDER
3 THIS SUBSECTION SHALL BE MADE IN THE YEAR THAT A CERTIFICATE OF
4 COMPLETED REHABILITATION IS ISSUED AND SHALL BE IRREVOCABLE.

5 (9) IF A CERTIFICATE OF COMPLETED REHABILITATION IS REVOKED
6 UNDER SUBSECTION (5) OR IF THE HISTORIC RESOURCE IS SOLD OR
7 DISPOSED OF LESS THAN 5 YEARS AFTER BEING PLACED IN SERVICE AS
8 DEFINED IN SECTION 47(B)(1) OF THE INTERNAL REVENUE CODE AND
9 RELATED TREASURY REGULATIONS, THE FOLLOWING PERCENTAGE OF THE
10 CREDIT AMOUNT PREVIOUSLY CLAIMED RELATIVE TO THAT HISTORIC RESOURCE
11 SHALL BE ADDED BACK TO THE TAX LIABILITY OF THE QUALIFIED TAXPAYER
12 THAT RECEIVED THE CERTIFICATE OF COMPLETED REHABILITATION AND NOT
13 THE ASSIGNEE IN THE YEAR OF THE REVOCATION:

14 (A) IF THE REVOCATION IS LESS THAN 1 YEAR AFTER THE HISTORIC
15 RESOURCE IS PLACED IN SERVICE, 100%.

16 (B) IF THE REVOCATION IS AT LEAST 1 YEAR BUT LESS THAN 2 YEARS
17 AFTER THE HISTORIC RESOURCE IS PLACED IN SERVICE, 80%.

18 (C) IF THE REVOCATION IS AT LEAST 2 YEARS BUT LESS THAN 3
19 YEARS AFTER THE HISTORIC RESOURCE IS PLACED IN SERVICE, 60%.

20 (D) IF THE REVOCATION IS AT LEAST 3 YEARS BUT LESS THAN 4
21 YEARS AFTER THE HISTORIC RESOURCE IS PLACED IN SERVICE, 40%.

22 (E) IF THE REVOCATION IS AT LEAST 4 YEARS BUT LESS THAN 5
23 YEARS AFTER THE HISTORIC RESOURCE IS PLACED IN SERVICE, 20%.

24 (F) IF THE REVOCATION IS AT LEAST 5 YEARS OR MORE AFTER THE
25 HISTORIC RESOURCE IS PLACED IN SERVICE, AN ADDBACK TO THE QUALIFIED
26 TAXPAYER TAX LIABILITY IS NOT REQUIRED.

27 (10) A QUALIFIED TAXPAYER MAY ELECT TO FORGO CLAIMING THE

1 CREDIT AND TRANSFER THE CREDIT ALONG WITH THE OWNERSHIP OF THE
2 PROPERTY FOR WHICH THE CREDIT MAY BE CLAIMED TO A NEW OWNER. THE
3 NEW OWNER SHALL BE TREATED AS THE QUALIFIED TAXPAYER HAVING
4 INCURRED THE REHABILITATION COSTS AND SHALL BE SUBJECT TO THE
5 RECAPTURE PROVISIONS UNDER SUBSECTION (9) IF THE NEW OWNER SELLS OR
6 DISPOSES OF THE PROPERTY WITHIN 5 YEARS AFTER THE NEW OWNER
7 ACQUIRED THE PROPERTY. FOR PURPOSES OF THIS SUBSECTION AND
8 SUBSECTION (9), THE PLACED IN SERVICE DATE FOR A NEW OWNER IS THE
9 DATE THE NEW OWNER ACQUIRED THE PROPERTY FOR WHICH THE CREDIT IS
10 CLAIMED.

11 (11) THE AUTHORITY MAY IMPOSE A FEE TO COVER THE
12 ADMINISTRATIVE COST OF IMPLEMENTING THE PROGRAM UNDER THIS SECTION.

13 (12) THE QUALIFIED TAXPAYER SHALL ATTACH ALL OF THE FOLLOWING
14 TO THE QUALIFIED TAXPAYER'S ANNUAL RETURN UNDER THIS PART:

15 (A) CERTIFICATION OF COMPLETED REHABILITATION.

16 (B) CERTIFICATION OF HISTORIC SIGNIFICANCE RELATED TO THE
17 HISTORIC RESOURCE AND THE QUALIFIED EXPENDITURES USED TO CLAIM A
18 CREDIT UNDER THIS SECTION.

19 (C) A COMPLETED ASSIGNMENT FORM IF THE QUALIFIED TAXPAYER IS
20 AN ASSIGNEE UNDER SECTION 675 OF ANY PORTION OF A CREDIT ALLOWED
21 UNDER THAT SECTION.

22 (13) THE AUTHORITY MAY PROMULGATE RULES TO IMPLEMENT THIS
23 SECTION PURSUANT TO THE ADMINISTRATIVE PROCEDURES ACT OF 1969, 1969
24 PA 306, MCL 24.201 TO 24.328.

25 (14) THE TOTAL OF THE CREDITS CLAIMED UNDER THIS SECTION AND
26 SECTION 675 FOR A REHABILITATION PROJECT SHALL NOT EXCEED 25% OF
27 THE TOTAL QUALIFIED EXPENDITURES ELIGIBLE FOR THE CREDIT UNDER THIS

1 SECTION FOR THAT REHABILITATION PROJECT.

2 (15) THE AUTHORITY SHALL REPORT ALL OF THE FOLLOWING TO THE
3 LEGISLATURE ANNUALLY FOR THE IMMEDIATELY PRECEDING STATE FISCAL
4 YEAR:

5 (A) THE FEE SCHEDULE USED BY THE CENTER AND THE TOTAL AMOUNT
6 OF FEES COLLECTED.

7 (B) A DESCRIPTION OF EACH REHABILITATION PROJECT CERTIFIED.

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

10 (16) AS USED IN THIS SECTION:

11 (A) "CONTRIBUTING RESOURCE" MEANS A HISTORIC RESOURCE THAT
12 CONTRIBUTES TO THE SIGNIFICANCE OF THE HISTORIC DISTRICT IN WHICH
13 IT IS LOCATED.

14 (B) "HISTORIC DISTRICT" MEANS AN AREA, OR GROUP OF AREAS NOT
15 NECESSARILY HAVING CONTIGUOUS BOUNDARIES, THAT CONTAINS 1 RESOURCE
16 OR A GROUP OF RESOURCES THAT ARE RELATED BY HISTORY, ARCHITECTURE,
17 ARCHAEOLOGY, ENGINEERING, OR CULTURE.

18 (C) "HISTORIC RESOURCE" MEANS A PUBLICLY OR PRIVATELY OWNED
19 HISTORIC BUILDING, STRUCTURE, SITE, OBJECT, FEATURE, OR OPEN SPACE
20 LOCATED WITHIN A HISTORIC DISTRICT DESIGNATED BY THE NATIONAL
21 REGISTER OF HISTORIC PLACES, THE STATE REGISTER OF HISTORIC SITES,
22 OR A LOCAL UNIT ACTING UNDER THE LOCAL HISTORIC DISTRICTS ACT, 1970
23 PA 169, MCL 399.201 TO 399.215; OR THAT IS INDIVIDUALLY LISTED ON
24 THE STATE REGISTER OF HISTORIC SITES OR NATIONAL REGISTER OF
25 HISTORIC PLACES AND INCLUDES ALL OF THE FOLLOWING:

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

1 RESIDENCE.

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

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

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

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

14 (D) "LOCAL UNIT" MEANS A COUNTY, CITY, VILLAGE, OR TOWNSHIP.

15 (E) "LONG-TERM LEASE" MEANS A LEASE TERM OF AT LEAST 27.5
16 YEARS FOR A RESIDENTIAL RESOURCE OR AT LEAST 31.5 YEARS FOR A
17 NONRESIDENTIAL RESOURCE.

18 (F) "MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY" OR
19 "AUTHORITY" MEANS THE PUBLIC BODY CORPORATE AND POLITIC CREATED BY
20 SECTION 21 OF THE STATE HOUSING DEVELOPMENT AUTHORITY ACT OF 1966,
21 1966 PA 346, MCL 125.1421.

22 (G) "OPEN SPACE" MEANS UNDEVELOPED LAND, A NATURALLY
23 LANDSCAPED AREA, OR A FORMAL OR MAN-MADE LANDSCAPED AREA THAT
24 PROVIDES A CONNECTIVE LINK OR A BUFFER BETWEEN OTHER RESOURCES.

25 (H) "PERSON" MEANS AN INDIVIDUAL, PARTNERSHIP, CORPORATION,
26 ASSOCIATION, GOVERNMENTAL ENTITY, OR OTHER LEGAL ENTITY.

27 (I) "QUALIFIED EXPENDITURES" MEANS CAPITAL EXPENDITURES THAT

1 QUALIFY, OR WOULD QUALIFY EXCEPT THAT THE TAXPAYER ELECTED TO
2 TRANSFER THE CREDIT UNDER SUBSECTION (10), FOR A REHABILITATION
3 CREDIT UNDER SECTION 47(A)(2) OF THE INTERNAL REVENUE CODE IF THE
4 TAXPAYER IS ELIGIBLE FOR THE CREDIT UNDER SECTION 47(A)(2) OF THE
5 INTERNAL REVENUE CODE OR, IF THE TAXPAYER IS NOT ELIGIBLE FOR THE
6 CREDIT UNDER SECTION 47(A)(2) OF THE INTERNAL REVENUE CODE, THE
7 QUALIFIED EXPENDITURES THAT WOULD QUALIFY UNDER SECTION 47(A)(2) OF
8 THE INTERNAL REVENUE CODE EXCEPT THAT THE EXPENDITURES ARE MADE TO
9 A HISTORIC RESOURCE THAT IS NOT ELIGIBLE FOR THE CREDIT UNDER
10 SECTION 47(A)(2) OF THE INTERNAL REVENUE CODE, THAT WERE PAID.
11 QUALIFIED EXPENDITURES DO NOT INCLUDE CAPITAL EXPENDITURES FOR
12 NONHISTORIC ADDITIONS TO A HISTORIC RESOURCE EXCEPT AN ADDITION
13 THAT IS REQUIRED BY STATE OR FEDERAL REGULATIONS THAT RELATE TO
14 HISTORIC PRESERVATION, SAFETY, OR ACCESSIBILITY.

15 (J) "QUALIFIED TAXPAYER" MEANS A PERSON THAT IS AN ASSIGNEE
16 UNDER SECTION 675 OR EITHER OWNS THE RESOURCE TO BE REHABILITATED
17 OR HAS A LONG-TERM LEASE AGREEMENT WITH THE OWNER OF THE HISTORIC
18 RESOURCE AND THAT HAS QUALIFIED EXPENDITURES FOR THE REHABILITATION
19 OF THE HISTORIC RESOURCE EQUAL TO OR GREATER THAN 10% OF THE STATE
20 EQUALIZED VALUATION OF THE PROPERTY. IF THE HISTORIC RESOURCE TO BE
21 REHABILITATED IS A PORTION OF A HISTORIC OR NONHISTORIC RESOURCE,
22 THE STATE EQUALIZED VALUATION OF ONLY THAT PORTION OF THE PROPERTY
23 SHALL BE USED FOR PURPOSES OF THIS SUBDIVISION. IF THE ASSESSOR FOR
24 THE LOCAL TAX COLLECTING UNIT IN WHICH THE HISTORIC RESOURCE IS
25 LOCATED DETERMINES THE STATE EQUALIZED VALUATION OF THAT PORTION,
26 THAT ASSESSOR'S DETERMINATION SHALL BE USED FOR PURPOSES OF THIS
27 SUBDIVISION. IF THE ASSESSOR DOES NOT DETERMINE THAT STATE

1 EQUALIZED VALUATION OF THAT PORTION, QUALIFIED EXPENDITURES, FOR
2 PURPOSES OF THIS SUBDIVISION, SHALL BE EQUAL TO OR GREATER THAN 5%
3 OF THE APPRAISED VALUE AS DETERMINED BY A CERTIFIED APPRAISER. IF
4 THE HISTORIC RESOURCE TO BE REHABILITATED DOES NOT HAVE A STATE
5 EQUALIZED VALUATION, QUALIFIED EXPENDITURES FOR PURPOSES OF THIS
6 SUBDIVISION SHALL BE EQUAL TO OR GREATER THAN 5% OF THE APPRAISED
7 VALUE OF THE RESOURCE AS DETERMINED BY A CERTIFIED APPRAISER.

8 (K) "REHABILITATION PLAN" MEANS A PLAN FOR THE REHABILITATION
9 OF A HISTORIC RESOURCE THAT MEETS THE FEDERAL SECRETARY OF THE
10 INTERIOR'S STANDARDS FOR REHABILITATION AND GUIDELINES FOR
11 REHABILITATION OF HISTORIC BUILDINGS UNDER 36 CFR PART 67.

12 SEC. 675. (1) A QUALIFIED TAXPAYER WITH A REHABILITATION PLAN
13 CERTIFIED AFTER DECEMBER 31, 2018 MAY CREDIT AGAINST THE TAX
14 IMPOSED BY THIS PART THE AMOUNT DETERMINED PURSUANT TO SUBSECTION
15 (2) FOR THE QUALIFIED EXPENDITURES FOR THE REHABILITATION OF A
16 HISTORIC RESOURCE PURSUANT TO THE REHABILITATION PLAN IN THE YEAR
17 IN WHICH THE CERTIFICATION OF COMPLETED REHABILITATION OF THE
18 HISTORIC RESOURCE IS ISSUED. ONLY THOSE EXPENDITURES THAT ARE PAID
19 OR INCURRED DURING THE TIME PERIODS PRESCRIBED FOR THE CREDIT UNDER
20 SECTION 47(A)(2) OF THE INTERNAL REVENUE CODE AND ANY RELATED
21 TREASURY REGULATIONS SHALL BE CONSIDERED QUALIFIED EXPENDITURES.

22 (2) THE CREDIT ALLOWED UNDER THIS SUBSECTION SHALL BE 25% OF
23 THE QUALIFIED EXPENDITURES THAT ARE ELIGIBLE, OR WOULD HAVE BEEN
24 ELIGIBLE EXCEPT THAT THE TAXPAYER ENTERED INTO AN AGREEMENT UNDER
25 SUBSECTION (10), FOR THE CREDIT UNDER SECTION 47(A)(2) OF THE
26 INTERNAL REVENUE CODE IF THE TAXPAYER IS ELIGIBLE FOR THE CREDIT
27 UNDER SECTION 47(A)(2) OF THE INTERNAL REVENUE CODE OR, IF THE

1 TAXPAYER IS NOT ELIGIBLE FOR THE CREDIT UNDER SECTION 47(A)(2) OF
2 THE INTERNAL REVENUE CODE, 25% OF THE QUALIFIED EXPENDITURES THAT
3 WOULD QUALIFY UNDER SECTION 47(A)(2) OF THE INTERNAL REVENUE CODE
4 EXCEPT THAT THE EXPENDITURES ARE MADE TO A HISTORIC RESOURCE THAT
5 IS NOT ELIGIBLE FOR THE CREDIT UNDER SECTION 47(A)(2) OF THE
6 INTERNAL REVENUE CODE, SUBJECT TO BOTH OF THE FOLLOWING:

7 (A) A TAXPAYER WITH QUALIFIED EXPENDITURES THAT ARE ELIGIBLE
8 FOR THE CREDIT UNDER SECTION 47(A)(2) OF THE INTERNAL REVENUE CODE
9 MAY NOT CLAIM A CREDIT UNDER THIS SECTION FOR THOSE QUALIFIED
10 EXPENDITURES UNLESS THE TAXPAYER HAS CLAIMED AND RECEIVED A CREDIT
11 FOR THOSE QUALIFIED EXPENDITURES UNDER SECTION 47(A)(2) OF THE
12 INTERNAL REVENUE CODE OR THE TAXPAYER HAS ENTERED INTO AN AGREEMENT
13 UNDER SUBSECTION (10).

14 (B) A CREDIT UNDER THIS SUBSECTION SHALL BE REDUCED BY THE
15 AMOUNT OF A CREDIT RECEIVED BY THE TAXPAYER FOR THE SAME QUALIFIED
16 EXPENDITURES UNDER SECTION 47(A)(2) OF THE INTERNAL REVENUE CODE.

17 (3) TO BE ELIGIBLE FOR THE CREDIT UNDER SUBSECTION (2), THE
18 TAXPAYER SHALL APPLY TO AND RECEIVE CERTIFICATION FROM THE MICHIGAN
19 STATE HOUSING DEVELOPMENT AUTHORITY THAT THE HISTORIC SIGNIFICANCE,
20 THE REHABILITATION PLAN, AND THE COMPLETED REHABILITATION OF THE
21 HISTORIC RESOURCE MEET THE CRITERIA UNDER SUBSECTION (6) AND EITHER
22 OF THE FOLLOWING:

23 (A) ALL OF THE FOLLOWING CRITERIA:

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

26 (ii) BOTH THE REHABILITATION PLAN AND COMPLETED REHABILITATION
27 OF THE HISTORIC RESOURCE MEET THE FEDERAL SECRETARY OF THE

1 INTERIOR'S STANDARDS FOR REHABILITATION AND GUIDELINES FOR
2 REHABILITATING HISTORIC BUILDINGS, 36 CFR PART 67.

3 (iii) ALL REHABILITATION WORK HAS BEEN DONE TO OR WITHIN THE
4 WALLS, BOUNDARIES, OR STRUCTURES OF THE HISTORIC RESOURCE OR TO
5 HISTORIC RESOURCES LOCATED WITHIN THE PROPERTY BOUNDARIES OF THE
6 PROPERTY.

7 (B) THE TAXPAYER HAS RECEIVED CERTIFICATION FROM THE NATIONAL
8 PARK SERVICE THAT THE HISTORIC RESOURCE'S SIGNIFICANCE, THE
9 REHABILITATION PLAN, AND THE COMPLETED REHABILITATION QUALIFY FOR
10 THE CREDIT ALLOWED UNDER SECTION 47(A)(2) OF THE INTERNAL REVENUE
11 CODE.

12 (4) IF A QUALIFIED TAXPAYER IS ELIGIBLE FOR THE CREDIT ALLOWED
13 UNDER SECTION 47(A)(2) OF THE INTERNAL REVENUE CODE, THE QUALIFIED
14 TAXPAYER SHALL FILE FOR CERTIFICATION WITH THE AUTHORITY TO QUALIFY
15 FOR THE CREDIT ALLOWED UNDER SECTION 47(A)(2) OF THE INTERNAL
16 REVENUE CODE. IF THE QUALIFIED TAXPAYER HAS PREVIOUSLY FILED FOR
17 CERTIFICATION WITH THE AUTHORITY TO QUALIFY FOR THE CREDIT ALLOWED
18 UNDER SECTION 47(A)(2) OF THE INTERNAL REVENUE CODE, ADDITIONAL
19 FILING FOR THE CREDIT ALLOWED UNDER THIS SECTION IS NOT REQUIRED.

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

27 (6) QUALIFIED EXPENDITURES FOR THE REHABILITATION OF A

1 HISTORIC RESOURCE MAY BE USED TO CALCULATE THE CREDIT UNDER THIS
2 SECTION IF THE HISTORIC RESOURCE MEETS 1 OF THE CRITERIA LISTED IN
3 SUBDIVISION (A) AND 1 OF THE CRITERIA LISTED IN SUBDIVISION (B):

4 (A) THE RESOURCE IS 1 OF THE FOLLOWING DURING THE TAX YEAR IN
5 WHICH A CREDIT UNDER THIS SECTION IS CLAIMED FOR THOSE QUALIFIED
6 EXPENDITURES:

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

9 (ii) A CONTRIBUTING RESOURCE LOCATED WITHIN A HISTORIC
10 DISTRICT LISTED ON THE NATIONAL REGISTER OF HISTORIC PLACES OR THE
11 STATE REGISTER OF HISTORIC SITES.

12 (iii) A CONTRIBUTING RESOURCE LOCATED WITHIN A HISTORIC
13 DISTRICT DESIGNATED BY A LOCAL UNIT PURSUANT TO AN ORDINANCE
14 ADOPTED UNDER THE LOCAL HISTORIC DISTRICTS ACT, 1970 PA 169, MCL
15 399.201 TO 399.215.

16 (B) THE RESOURCE MEETS 1 OF THE FOLLOWING CRITERIA DURING THE
17 TAX YEAR IN WHICH A CREDIT UNDER THIS SECTION IS CLAIMED FOR THOSE
18 QUALIFIED EXPENDITURES:

19 (i) THE HISTORIC RESOURCE IS LOCATED IN A DESIGNATED HISTORIC
20 DISTRICT IN A LOCAL UNIT OF GOVERNMENT WITH AN EXISTING ORDINANCE
21 UNDER THE LOCAL HISTORIC DISTRICTS ACT, 1970 PA 169, MCL 399.201 TO
22 399.215.

23 (ii) THE HISTORIC RESOURCE IS LOCATED IN AN INCORPORATED LOCAL
24 UNIT OF GOVERNMENT THAT DOES NOT HAVE AN ORDINANCE UNDER THE LOCAL
25 HISTORIC DISTRICTS ACT, 1970 PA 169, MCL 399.201 TO 399.215, AND
26 HAS A POPULATION OF LESS THAN 5,000.

27 (iii) THE HISTORIC RESOURCE IS LOCATED IN AN UNINCORPORATED

1 LOCAL UNIT OF GOVERNMENT.

2 (iv) THE HISTORIC RESOURCE IS LOCATED IN AN INCORPORATED LOCAL
3 UNIT OF GOVERNMENT THAT DOES NOT HAVE AN ORDINANCE UNDER THE LOCAL
4 HISTORIC DISTRICTS ACT, 1970 PA 169, MCL 399.201 TO 399.215, AND IS
5 LOCATED WITHIN THE BOUNDARIES OF AN ASSOCIATION THAT HAS BEEN
6 CHARTERED UNDER 1889 PA 39, MCL 455.51 TO 455.72.

7 (v) THE HISTORIC RESOURCE IS SUBJECT TO A HISTORIC
8 PRESERVATION EASEMENT.

9 (7) A QUALIFIED TAXPAYER MAY ASSIGN ALL OR ANY PORTION OF THE
10 CREDIT ALLOWED UNDER THIS SECTION. A CREDIT ASSIGNMENT UNDER THIS
11 SUBSECTION IS IRREVOCABLE AND SHALL BE MADE IN THE TAX YEAR IN
12 WHICH A CERTIFICATE OF COMPLETED REHABILITATION IS ISSUED. A
13 QUALIFIED TAXPAYER MAY CLAIM A PORTION OF A CREDIT AND ASSIGN THE
14 REMAINING AMOUNT. IF THE QUALIFIED TAXPAYER BOTH CLAIMS AND ASSIGNS
15 PORTIONS OF THE CREDIT, THE QUALIFIED TAXPAYER SHALL CLAIM THE
16 PORTION IT CLAIMS IN THE TAX YEAR IN WHICH A CERTIFICATE OF
17 COMPLETED REHABILITATION IS ISSUED PURSUANT TO THIS SECTION. AN
18 ASSIGNEE MAY SUBSEQUENTLY ASSIGN THE CREDIT OR ANY PORTION OF THE
19 CREDIT ASSIGNED UNDER THIS SUBSECTION TO 1 OR MORE ASSIGNEES. AN
20 ASSIGNMENT OR SUBSEQUENT REASSIGNMENT OF A CREDIT CAN BE MADE IN
21 THE YEAR THE CERTIFICATE OF COMPLETED REHABILITATION IS ISSUED. A
22 CREDIT ASSIGNMENT OR SUBSEQUENT REASSIGNMENT UNDER THIS SECTION
23 SHALL BE MADE ON A FORM PRESCRIBED BY THE DEPARTMENT. THE
24 DEPARTMENT OR ITS DESIGNEE SHALL REVIEW AND ISSUE A COMPLETED
25 ASSIGNMENT OR REASSIGNMENT CERTIFICATE TO THE ASSIGNEE OR
26 REASSIGNEE. A CREDIT AMOUNT ASSIGNED UNDER THIS SUBSECTION MAY BE
27 CLAIMED AGAINST THE ASSIGNEES' TAX UNDER THIS PART OR PART 1. AN

1 ASSIGNEE OR SUBSEQUENT REASSIGNEE SHALL ATTACH A COPY OF THE
2 COMPLETED ASSIGNMENT CERTIFICATE TO THE ANNUAL RETURN REQUIRED TO
3 BE FILED UNDER THIS PART FOR THE TAX YEAR IN WHICH THE ASSIGNMENT
4 OR REASSIGNMENT IS MADE AND THE ASSIGNEE OR REASSIGNEE FIRST CLAIMS
5 THE CREDIT, WHICH SHALL BE THE SAME TAX YEAR.

6 (8) IF THE CREDIT ALLOWED UNDER THIS SECTION FOR THE TAX YEAR
7 AND ANY UNUSED CARRYFORWARD OF THE CREDIT ALLOWED BY THIS SECTION
8 EXCEED THE TAXPAYER'S TAX LIABILITY FOR THE TAX YEAR, THAT PORTION
9 THAT EXCEEDS THE TAX LIABILITY FOR THE TAX YEAR SHALL NOT BE
10 REFUNDED BUT MAY BE CARRIED FORWARD TO OFFSET TAX LIABILITY IN
11 SUBSEQUENT TAX YEARS FOR 10 YEARS OR UNTIL USED UP, WHICHEVER
12 OCCURS FIRST. IF A QUALIFIED TAXPAYER HAS AN UNUSED CARRYFORWARD OF
13 A CREDIT UNDER THIS SECTION, THE AMOUNT OTHERWISE ADDED UNDER
14 SUBSECTION (9) TO THE QUALIFIED TAXPAYER'S TAX LIABILITY MAY
15 INSTEAD BE USED TO REDUCE THE QUALIFIED TAXPAYER'S CARRYFORWARD
16 UNDER THIS SECTION. IF THE CREDIT AMOUNT ALLOWED IS LESS THAN
17 \$250,000.00, A QUALIFIED TAXPAYER MAY ELECT TO FORGO THE CARRYOVER
18 PERIOD AND RECEIVE A REFUND OF THE AMOUNT OF THE CREDIT THAT
19 EXCEEDS THE QUALIFIED TAXPAYER'S TAX LIABILITY. THE AMOUNT OF THE
20 REFUND SHALL BE EQUAL TO 90% OF THE AMOUNT OF THE CREDIT THAT
21 EXCEEDS THE QUALIFIED TAXPAYER'S TAX LIABILITY. AN ELECTION UNDER
22 THIS SUBSECTION SHALL BE MADE IN THE YEAR THAT A CERTIFICATE OF
23 COMPLETED REHABILITATION IS ISSUED AND SHALL BE IRREVOCABLE.

24 (9) EXCEPT AS OTHERWISE PROVIDED UNDER SUBSECTION (10), IF A
25 CERTIFICATE OF COMPLETED REHABILITATION IS REVOKED UNDER SUBSECTION
26 (5) OR A HISTORIC RESOURCE IS SOLD OR DISPOSED OF LESS THAN 5 YEARS
27 AFTER THE HISTORIC RESOURCE IS PLACED IN SERVICE AS DEFINED IN

1 SECTION 47(B) (1) OF THE INTERNAL REVENUE CODE AND RELATED TREASURY
2 REGULATIONS, THE FOLLOWING PERCENTAGE OF THE CREDIT AMOUNT
3 PREVIOUSLY CLAIMED RELATIVE TO THAT HISTORIC RESOURCE SHALL BE
4 ADDED BACK TO THE TAX LIABILITY OF THE QUALIFIED TAXPAYER THAT
5 RECEIVED THE CERTIFICATE OF COMPLETED REHABILITATION AND NOT THE
6 ASSIGNEE IN THE YEAR OF THE REVOCATION:

7 (A) IF THE REVOCATION IS LESS THAN 1 YEAR AFTER THE HISTORIC
8 RESOURCE IS PLACED IN SERVICE, 100%.

9 (B) IF THE REVOCATION IS AT LEAST 1 YEAR BUT LESS THAN 2 YEARS
10 AFTER THE HISTORIC RESOURCE IS PLACED IN SERVICE, 80%.

11 (C) IF THE REVOCATION IS AT LEAST 2 YEARS BUT LESS THAN 3
12 YEARS AFTER THE HISTORIC RESOURCE IS PLACED IN SERVICE, 60%.

13 (D) IF THE REVOCATION IS AT LEAST 3 YEARS BUT LESS THAN 4
14 YEARS AFTER THE HISTORIC RESOURCE IS PLACED IN SERVICE, 40%.

15 (E) IF THE REVOCATION IS AT LEAST 4 YEARS BUT LESS THAN 5
16 YEARS AFTER THE HISTORIC RESOURCE IS PLACED IN SERVICE, 20%.

17 (F) IF THE REVOCATION IS AT LEAST 5 YEARS OR MORE AFTER THE
18 HISTORIC RESOURCE IS PLACED IN SERVICE, AN ADDBACK TO THE QUALIFIED
19 TAXPAYER TAX LIABILITY IS NOT REQUIRED.

20 (10) SUBSECTION (9) SHALL NOT APPLY IF THE QUALIFIED TAXPAYER
21 ENTERS INTO A WRITTEN AGREEMENT WITH THE AUTHORITY THAT WILL ALLOW
22 FOR THE TRANSFER OR SALE OF THE HISTORIC RESOURCE AND PROVIDES THE
23 FOLLOWING:

24 (A) REASONABLE ASSURANCE THAT SUBSEQUENT TO THE TRANSFER THE
25 PROPERTY WILL REMAIN A HISTORIC RESOURCE DURING THE 5-YEAR PERIOD
26 AFTER THE HISTORIC RESOURCE IS PLACED IN SERVICE.

27 (B) A METHOD THAT THE DEPARTMENT CAN RECOVER AN AMOUNT FROM

1 THE TAXPAYER EQUAL TO THE APPROPRIATE PERCENTAGE OF CREDIT ADDED
2 BACK AS DESCRIBED UNDER SUBSECTION (9).

3 (C) AN ENCUMBRANCE ON THE TITLE TO THE HISTORIC RESOURCE BEING
4 SOLD OR TRANSFERRED, STATING THAT THE PROPERTY MUST REMAIN A
5 HISTORIC RESOURCE THROUGHOUT THE 5-YEAR PERIOD AFTER THE HISTORIC
6 RESOURCE IS PLACED IN SERVICE.

7 (D) A PROVISION FOR THE PAYMENT BY THE TAXPAYER OF ALL LEGAL
8 AND PROFESSIONAL FEES ASSOCIATED WITH THE DRAFTING, REVIEW, AND
9 RECORDING OF THE WRITTEN AGREEMENT REQUIRED UNDER THIS SUBSECTION.

10 (11) THE AUTHORITY MAY IMPOSE A FEE TO COVER THE
11 ADMINISTRATIVE COST OF IMPLEMENTING THE PROGRAM UNDER THIS SECTION.

12 (12) THE QUALIFIED TAXPAYER SHALL ATTACH ALL OF THE FOLLOWING
13 TO THE QUALIFIED TAXPAYER'S ANNUAL RETURN REQUIRED UNDER THIS PART,
14 IF APPLICABLE, ON WHICH THE CREDIT IS CLAIMED:

15 (A) CERTIFICATION OF COMPLETED REHABILITATION.

16 (B) CERTIFICATION OF HISTORIC SIGNIFICANCE RELATED TO THE
17 HISTORIC RESOURCE AND THE QUALIFIED EXPENDITURES USED TO CLAIM A
18 CREDIT UNDER THIS SECTION.

19 (C) A COMPLETED ASSIGNMENT FORM IF THE QUALIFIED TAXPAYER OR
20 ASSIGNEE HAS ASSIGNED ANY PORTION OF A CREDIT ALLOWED UNDER THIS
21 SECTION OR IF THE TAXPAYER IS AN ASSIGNEE OF ANY PORTION OF A
22 CREDIT ALLOWED UNDER THIS SECTION.

23 (13) THE AUTHORITY MAY PROMULGATE RULES TO IMPLEMENT THIS
24 SECTION PURSUANT TO THE ADMINISTRATIVE PROCEDURES ACT OF 1969, 1969
25 PA 306, MCL 24.201 TO 24.328.

26 (14) THE TOTAL OF THE CREDITS CLAIMED UNDER SUBSECTION (2) AND
27 SECTION 266A FOR A REHABILITATION PROJECT SHALL NOT EXCEED 25% OF

1 THE TOTAL QUALIFIED EXPENDITURES ELIGIBLE FOR THE CREDIT UNDER
2 SUBSECTION (2) FOR THAT REHABILITATION PROJECT.

3 (15) THE AUTHORITY SHALL REPORT ALL OF THE FOLLOWING TO THE
4 LEGISLATURE ANNUALLY FOR THE IMMEDIATELY PRECEDING STATE FISCAL
5 YEAR:

6 (A) THE FEE SCHEDULE USED BY THE AUTHORITY AND THE TOTAL
7 AMOUNT OF FEES COLLECTED.

8 (B) A DESCRIPTION OF EACH REHABILITATION PROJECT CERTIFIED.

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

11 (16) AS USED IN THIS SECTION:

12 (A) "CONTRIBUTING RESOURCE" MEANS A HISTORIC RESOURCE THAT
13 CONTRIBUTES TO THE SIGNIFICANCE OF THE HISTORIC DISTRICT IN WHICH
14 IT IS LOCATED.

15 (B) "HISTORIC DISTRICT" MEANS AN AREA, OR GROUP OF AREAS NOT
16 NECESSARILY HAVING CONTIGUOUS BOUNDARIES, THAT CONTAINS 1 RESOURCE
17 OR A GROUP OF RESOURCES THAT ARE RELATED BY HISTORY, ARCHITECTURE,
18 ARCHAEOLOGY, ENGINEERING, OR CULTURE.

19 (C) "HISTORIC RESOURCE" MEANS A PUBLICLY OR PRIVATELY OWNED
20 HISTORIC BUILDING, STRUCTURE, SITE, OBJECT, FEATURE, OR OPEN SPACE
21 LOCATED WITHIN A HISTORIC DISTRICT DESIGNATED BY THE NATIONAL
22 REGISTER OF HISTORIC PLACES, THE STATE REGISTER OF HISTORIC SITES,
23 OR A LOCAL UNIT ACTING UNDER THE LOCAL HISTORIC DISTRICTS ACT, 1970
24 PA 169, MCL 399.201 TO 399.215, OR THAT IS INDIVIDUALLY LISTED ON
25 THE STATE REGISTER OF HISTORIC SITES OR NATIONAL REGISTER OF
26 HISTORIC PLACES, AND INCLUDES ALL OF THE FOLLOWING:

27 (i) AN OWNER-OCCUPIED PERSONAL RESIDENCE OR A HISTORIC

1 RESOURCE LOCATED WITHIN THE PROPERTY BOUNDARIES OF THAT PERSONAL
2 RESIDENCE.

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

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

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

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

15 (D) "LOCAL UNIT" MEANS A COUNTY, CITY, VILLAGE, OR TOWNSHIP.

16 (E) "LONG-TERM LEASE" MEANS A LEASE TERM OF AT LEAST 27.5
17 YEARS FOR A RESIDENTIAL RESOURCE OR AT LEAST 31.5 YEARS FOR A
18 NONRESIDENTIAL RESOURCE.

19 (F) "MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY" OR
20 "AUTHORITY" MEANS THE PUBLIC BODY CORPORATE AND POLITIC CREATED BY
21 SECTION 21 OF THE STATE HOUSING DEVELOPMENT AUTHORITY ACT OF 1966,
22 1966 PA 346, MCL 125.1421.

23 (G) "OPEN SPACE" MEANS UNDEVELOPED LAND, A NATURALLY
24 LANDSCAPED AREA, OR A FORMAL OR MAN-MADE LANDSCAPED AREA THAT
25 PROVIDES A CONNECTIVE LINK OR A BUFFER BETWEEN OTHER RESOURCES.

26 (H) "PERSON" MEANS AN INDIVIDUAL, PARTNERSHIP, CORPORATION,
27 ASSOCIATION, GOVERNMENTAL ENTITY, OR OTHER LEGAL ENTITY.

1 (I) "QUALIFIED EXPENDITURES" MEANS CAPITAL EXPENDITURES THAT
2 QUALIFY, OR WOULD QUALIFY EXCEPT THAT THE TAXPAYER ENTERED INTO AN
3 AGREEMENT UNDER SUBSECTION (10), FOR A REHABILITATION CREDIT UNDER
4 SECTION 47(A)(2) OF THE INTERNAL REVENUE CODE IF THE TAXPAYER IS
5 ELIGIBLE FOR THE CREDIT UNDER SECTION 47(A)(2) OF THE INTERNAL
6 REVENUE CODE OR, IF THE TAXPAYER IS NOT ELIGIBLE FOR THE CREDIT
7 UNDER SECTION 47(A)(2) OF THE INTERNAL REVENUE CODE, THE QUALIFIED
8 EXPENDITURES THAT WOULD QUALIFY UNDER SECTION 47(A)(2) OF THE
9 INTERNAL REVENUE CODE EXCEPT THAT THE EXPENDITURES ARE MADE TO A
10 HISTORIC RESOURCE THAT IS NOT ELIGIBLE FOR THE CREDIT UNDER SECTION
11 47(A)(2) OF THE INTERNAL REVENUE CODE THAT WERE PAID. QUALIFIED
12 EXPENDITURES DO NOT INCLUDE CAPITAL EXPENDITURES FOR NONHISTORIC
13 ADDITIONS TO A HISTORIC RESOURCE EXCEPT AN ADDITION THAT IS
14 REQUIRED BY STATE OR FEDERAL REGULATIONS THAT RELATE TO HISTORIC
15 PRESERVATION, SAFETY, OR ACCESSIBILITY.

16 (J) "QUALIFIED TAXPAYER" MEANS A PERSON THAT EITHER OWNS THE
17 RESOURCE TO BE REHABILITATED OR HAS A LONG-TERM LEASE AGREEMENT
18 WITH THE OWNER OF THE HISTORIC RESOURCE AND THAT HAS QUALIFIED
19 EXPENDITURES FOR THE REHABILITATION OF THE HISTORIC RESOURCE EQUAL
20 TO OR GREATER THAN 10% OF THE STATE EQUALIZED VALUATION OF THE
21 PROPERTY. IF THE HISTORIC RESOURCE TO BE REHABILITATED IS A PORTION
22 OF A HISTORIC OR NONHISTORIC RESOURCE, THE STATE EQUALIZED
23 VALUATION OF ONLY THAT PORTION OF THE PROPERTY SHALL BE USED FOR
24 PURPOSES OF THIS SUBDIVISION. IF THE ASSESSOR FOR THE LOCAL TAX
25 COLLECTING UNIT IN WHICH THE HISTORIC RESOURCE IS LOCATED
26 DETERMINES THE STATE EQUALIZED VALUATION OF THAT PORTION, THAT
27 ASSESSOR'S DETERMINATION SHALL BE USED FOR PURPOSES OF THIS

1 SUBDIVISION. IF THE ASSESSOR DOES NOT DETERMINE THAT STATE
2 EQUALIZED VALUATION OF THAT PORTION, QUALIFIED EXPENDITURES, FOR
3 PURPOSES OF THIS SUBDIVISION, SHALL BE EQUAL TO OR GREATER THAN 5%
4 OF THE APPRAISED VALUE AS DETERMINED BY A CERTIFIED APPRAISER. IF
5 THE HISTORIC RESOURCE TO BE REHABILITATED DOES NOT HAVE A STATE
6 EQUALIZED VALUATION, QUALIFIED EXPENDITURES FOR PURPOSES OF THIS
7 SUBDIVISION SHALL BE EQUAL TO OR GREATER THAN 5% OF THE APPRAISED
8 VALUE OF THE RESOURCE AS DETERMINED BY A CERTIFIED APPRAISER.

9 (K) "REHABILITATION PLAN" MEANS A PLAN FOR THE REHABILITATION
10 OF A HISTORIC RESOURCE THAT MEETS THE FEDERAL SECRETARY OF THE
11 INTERIOR'S STANDARDS FOR REHABILITATION AND GUIDELINES FOR
12 REHABILITATION OF HISTORIC BUILDINGS UNDER 36 CFR PART 67.

HOUSE BILL No. 4100

January 29, 2019, Introduced by Reps. Frederick, Wendzel, Anthony, LaGrand, Marino, Elder, Mueller, Guerra and VanSingel and referred to the Committee on Tax Policy.

A bill to amend 1967 PA 281, entitled
"Income tax act of 1967,"
(MCL 206.1 to 206.713) by adding sections 266a and 675.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 **SEC. 266A. (1) A QUALIFIED TAXPAYER WITH A REHABILITATION PLAN**
2 **CERTIFIED AFTER DECEMBER 31, 2018 MAY CREDIT AGAINST THE TAX**
3 **IMPOSED BY THIS PART THE AMOUNT DETERMINED PURSUANT TO SUBSECTION**
4 **(2) FOR THE QUALIFIED EXPENDITURES FOR THE REHABILITATION OF A**
5 **HISTORIC RESOURCE PURSUANT TO THE REHABILITATION PLAN IN THE YEAR**
6 **IN WHICH THE CERTIFICATION OF COMPLETED REHABILITATION OF THE**
7 **HISTORIC RESOURCE IS ISSUED. ONLY THOSE EXPENDITURES THAT ARE PAID**
8 **OR INCURRED DURING THE TIME PERIODS PRESCRIBED FOR THE CREDIT UNDER**
9 **SECTION 47(A) (2) OF THE INTERNAL REVENUE CODE AND ANY RELATED**
10 **TREASURY REGULATIONS SHALL BE CONSIDERED QUALIFIED EXPENDITURES.**

1 (2) THE CREDIT ALLOWED UNDER THIS SECTION SHALL BE 25% OF THE
2 QUALIFIED EXPENDITURES THAT ARE ELIGIBLE, OR WOULD HAVE BEEN
3 ELIGIBLE EXCEPT THAT THE TAXPAYER ELECTED TO TRANSFER THE CREDIT
4 UNDER SUBSECTION (10), FOR THE CREDIT UNDER SECTION 47(A) (2) OF THE
5 INTERNAL REVENUE CODE IF THE TAXPAYER IS ELIGIBLE FOR THE CREDIT
6 UNDER SECTION 47(A) (2) OF THE INTERNAL REVENUE CODE OR, IF THE
7 TAXPAYER IS NOT ELIGIBLE FOR THE CREDIT UNDER SECTION 47(A) (2) OF
8 THE INTERNAL REVENUE CODE, 25% OF THE QUALIFIED EXPENDITURES THAT
9 WOULD QUALIFY UNDER SECTION 47(A) (2) OF THE INTERNAL REVENUE CODE
10 EXCEPT THAT THE EXPENDITURES ARE MADE TO A HISTORIC RESOURCE THAT
11 IS NOT ELIGIBLE FOR THE CREDIT UNDER SECTION 47(A) (2) OF THE
12 INTERNAL REVENUE CODE, SUBJECT TO BOTH OF THE FOLLOWING:

13 (A) A TAXPAYER WITH QUALIFIED EXPENDITURES THAT ARE ELIGIBLE
14 FOR THE CREDIT UNDER SECTION 47(A) (2) OF THE INTERNAL REVENUE CODE
15 MAY NOT CLAIM A CREDIT UNDER THIS SECTION FOR THOSE QUALIFIED
16 EXPENDITURES UNLESS THE TAXPAYER HAS CLAIMED AND RECEIVED A CREDIT
17 FOR THOSE QUALIFIED EXPENDITURES UNDER SECTION 47(A) (2) OF THE
18 INTERNAL REVENUE CODE OR THE TAXPAYER HAS ELECTED TO TRANSFER THE
19 CREDIT UNDER SUBSECTION (10).

20 (B) A CREDIT UNDER THIS SECTION SHALL BE REDUCED BY THE AMOUNT
21 OF A CREDIT RECEIVED BY THE TAXPAYER FOR THE SAME QUALIFIED
22 EXPENDITURES UNDER SECTION 47(A) (2) OF THE INTERNAL REVENUE CODE.

23 (3) TO BE ELIGIBLE FOR THE CREDIT UNDER THIS SECTION, THE
24 TAXPAYER SHALL APPLY TO AND RECEIVE CERTIFICATION FROM THE MICHIGAN
25 STATE HOUSING DEVELOPMENT AUTHORITY THAT THE HISTORIC SIGNIFICANCE,
26 THE REHABILITATION PLAN, AND THE COMPLETED REHABILITATION OF THE
27 HISTORIC RESOURCE MEET THE CRITERIA UNDER SUBSECTION (6) AND EITHER

1 OF THE FOLLOWING:

2 (A) ALL OF THE FOLLOWING CRITERIA:

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

5 (ii) BOTH THE REHABILITATION PLAN AND COMPLETED REHABILITATION
6 OF THE HISTORIC RESOURCE MEET THE FEDERAL SECRETARY OF THE
7 INTERIOR'S STANDARDS FOR REHABILITATION AND GUIDELINES FOR
8 REHABILITATING HISTORIC BUILDINGS, 36 CFR PART 67.

9 (iii) ALL REHABILITATION WORK HAS BEEN DONE TO OR WITHIN THE
10 WALLS, BOUNDARIES, OR STRUCTURES OF THE HISTORIC RESOURCE OR TO
11 HISTORIC RESOURCES LOCATED WITHIN THE PROPERTY BOUNDARIES OF THE
12 RESOURCE.

13 (B) THE TAXPAYER HAS RECEIVED CERTIFICATION FROM THE NATIONAL
14 PARK SERVICE THAT THE HISTORIC RESOURCE'S SIGNIFICANCE, THE
15 REHABILITATION PLAN, AND THE COMPLETED REHABILITATION QUALIFY FOR
16 THE CREDIT ALLOWED UNDER SECTION 47(A)(2) OF THE INTERNAL REVENUE
17 CODE.

18 (4) IF A QUALIFIED TAXPAYER IS ELIGIBLE FOR THE CREDIT ALLOWED
19 UNDER SECTION 47(A)(2) OF THE INTERNAL REVENUE CODE, THE QUALIFIED
20 TAXPAYER SHALL FILE FOR CERTIFICATION WITH THE AUTHORITY TO QUALIFY
21 FOR THE CREDIT ALLOWED UNDER SECTION 47(A)(2) OF THE INTERNAL
22 REVENUE CODE. IF THE QUALIFIED TAXPAYER HAS PREVIOUSLY FILED FOR
23 CERTIFICATION WITH THE AUTHORITY TO QUALIFY FOR THE CREDIT ALLOWED
24 UNDER SECTION 47(A)(2) OF THE INTERNAL REVENUE CODE, ADDITIONAL
25 FILING FOR THE CREDIT ALLOWED UNDER THIS SECTION IS NOT REQUIRED.

26 (5) THE AUTHORITY MAY INSPECT A HISTORIC RESOURCE AT ANY TIME
27 DURING THE REHABILITATION PROCESS AND MAY REVOKE CERTIFICATION OF

1 COMPLETED REHABILITATION IF THE REHABILITATION WAS NOT UNDERTAKEN
2 AS REPRESENTED IN THE REHABILITATION PLAN OR IF UNAPPROVED
3 ALTERATIONS TO THE COMPLETED REHABILITATION ARE MADE DURING THE 5
4 YEARS AFTER THE TAX YEAR IN WHICH THE CREDIT WAS CLAIMED. THE
5 AUTHORITY SHALL PROMPTLY NOTIFY THE DEPARTMENT OF A REVOCATION.

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

10 (A) THE RESOURCE IS 1 OF THE FOLLOWING DURING THE TAX YEAR IN
11 WHICH A CREDIT UNDER THIS SECTION IS CLAIMED FOR THOSE QUALIFIED
12 EXPENDITURES:

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

15 (ii) A CONTRIBUTING RESOURCE LOCATED WITHIN A HISTORIC
16 DISTRICT LISTED ON THE NATIONAL REGISTER OF HISTORIC PLACES OR THE
17 STATE REGISTER OF HISTORIC SITES.

18 (iii) A CONTRIBUTING RESOURCE LOCATED WITHIN A HISTORIC
19 DISTRICT DESIGNATED BY A LOCAL UNIT PURSUANT TO AN ORDINANCE
20 ADOPTED UNDER THE LOCAL HISTORIC DISTRICTS ACT, 1970 PA 169, MCL
21 399.201 TO 399.215.

22 (B) THE RESOURCE MEETS 1 OF THE FOLLOWING CRITERIA DURING THE
23 TAX YEAR IN WHICH A CREDIT UNDER THIS SECTION IS CLAIMED FOR THOSE
24 QUALIFIED EXPENDITURES:

25 (i) THE HISTORIC RESOURCE IS LOCATED IN A DESIGNATED HISTORIC
26 DISTRICT IN A LOCAL UNIT OF GOVERNMENT WITH AN EXISTING ORDINANCE
27 UNDER THE LOCAL HISTORIC DISTRICTS ACT, 1970 PA 169, MCL 399.201 TO

1 399.215.

2 (ii) THE HISTORIC RESOURCE IS LOCATED IN AN INCORPORATED LOCAL
3 UNIT OF GOVERNMENT THAT DOES NOT HAVE AN ORDINANCE UNDER THE LOCAL
4 HISTORIC DISTRICTS ACT, 1970 PA 169, MCL 399.201 TO 399.215, AND
5 HAS A POPULATION OF LESS THAN 5,000.

6 (iii) THE HISTORIC RESOURCE IS LOCATED IN AN UNINCORPORATED
7 LOCAL UNIT OF GOVERNMENT.

8 (iv) THE HISTORIC RESOURCE IS LOCATED IN AN INCORPORATED LOCAL
9 UNIT OF GOVERNMENT THAT DOES NOT HAVE AN ORDINANCE UNDER THE LOCAL
10 HISTORIC DISTRICTS ACT, 1970 PA 169, MCL 399.201 TO 399.215, AND IS
11 LOCATED WITHIN THE BOUNDARIES OF AN ASSOCIATION THAT HAS BEEN
12 CHARTERED UNDER 1889 PA 39, MCL 455.51 TO 455.72.

13 (v) THE HISTORIC RESOURCE IS SUBJECT TO A HISTORIC
14 PRESERVATION EASEMENT.

15 (7) A CREDIT AMOUNT ASSIGNED UNDER SECTION 675 MAY BE CLAIMED
16 AGAINST THE PARTNER'S, MEMBER'S, OR SHAREHOLDER'S TAX LIABILITY
17 UNDER THIS PART AS PROVIDED IN SECTION 675.

18 (8) 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 THE CREDIT AMOUNT ALLOWED IS LESS THAN
25 \$250,000.00, A QUALIFIED TAXPAYER MAY ELECT TO FORGO THE CARRYOVER
26 PERIOD AND RECEIVE A REFUND OF THE AMOUNT OF THE CREDIT THAT
27 EXCEEDS THE QUALIFIED TAXPAYER'S TAX LIABILITY. THE AMOUNT OF THE

1 REFUND SHALL BE EQUAL TO 90% OF THE AMOUNT OF THE CREDIT THAT
2 EXCEEDS THE QUALIFIED TAXPAYER'S TAX LIABILITY. AN ELECTION UNDER
3 THIS SUBSECTION SHALL BE MADE IN THE YEAR THAT A CERTIFICATE OF
4 COMPLETED REHABILITATION IS ISSUED AND SHALL BE IRREVOCABLE.

5 (9) IF A CERTIFICATE OF COMPLETED REHABILITATION IS REVOKED
6 UNDER SUBSECTION (5) OR IF THE HISTORIC RESOURCE IS SOLD OR
7 DISPOSED OF LESS THAN 5 YEARS AFTER BEING PLACED IN SERVICE AS
8 DEFINED IN SECTION 47(B) (1) OF THE INTERNAL REVENUE CODE AND
9 RELATED TREASURY REGULATIONS, THE FOLLOWING PERCENTAGE OF THE
10 CREDIT AMOUNT PREVIOUSLY CLAIMED RELATIVE TO THAT HISTORIC RESOURCE
11 SHALL BE ADDED BACK TO THE TAX LIABILITY OF THE QUALIFIED TAXPAYER
12 THAT RECEIVED THE CERTIFICATE OF COMPLETED REHABILITATION AND NOT
13 THE ASSIGNEE IN THE YEAR OF THE REVOCATION:

14 (A) IF THE REVOCATION IS LESS THAN 1 YEAR AFTER THE HISTORIC
15 RESOURCE IS PLACED IN SERVICE, 100%.

16 (B) IF THE REVOCATION IS AT LEAST 1 YEAR BUT LESS THAN 2 YEARS
17 AFTER THE HISTORIC RESOURCE IS PLACED IN SERVICE, 80%.

18 (C) IF THE REVOCATION IS AT LEAST 2 YEARS BUT LESS THAN 3
19 YEARS AFTER THE HISTORIC RESOURCE IS PLACED IN SERVICE, 60%.

20 (D) IF THE REVOCATION IS AT LEAST 3 YEARS BUT LESS THAN 4
21 YEARS AFTER THE HISTORIC RESOURCE IS PLACED IN SERVICE, 40%.

22 (E) IF THE REVOCATION IS AT LEAST 4 YEARS BUT LESS THAN 5
23 YEARS AFTER THE HISTORIC RESOURCE IS PLACED IN SERVICE, 20%.

24 (F) IF THE REVOCATION IS AT LEAST 5 YEARS OR MORE AFTER THE
25 HISTORIC RESOURCE IS PLACED IN SERVICE, AN ADDBACK TO THE QUALIFIED
26 TAXPAYER TAX LIABILITY IS NOT REQUIRED.

27 (10) A QUALIFIED TAXPAYER MAY ELECT TO FORGO CLAIMING THE

1 CREDIT AND TRANSFER THE CREDIT ALONG WITH THE OWNERSHIP OF THE
2 PROPERTY FOR WHICH THE CREDIT MAY BE CLAIMED TO A NEW OWNER. THE
3 NEW OWNER SHALL BE TREATED AS THE QUALIFIED TAXPAYER HAVING
4 INCURRED THE REHABILITATION COSTS AND SHALL BE SUBJECT TO THE
5 RECAPTURE PROVISIONS UNDER SUBSECTION (9) IF THE NEW OWNER SELLS OR
6 DISPOSES OF THE PROPERTY WITHIN 5 YEARS AFTER THE NEW OWNER
7 ACQUIRED THE PROPERTY. FOR PURPOSES OF THIS SUBSECTION AND
8 SUBSECTION (9), THE PLACED IN SERVICE DATE FOR A NEW OWNER IS THE
9 DATE THE NEW OWNER ACQUIRED THE PROPERTY FOR WHICH THE CREDIT IS
10 CLAIMED.

11 (11) THE AUTHORITY MAY IMPOSE A FEE TO COVER THE
12 ADMINISTRATIVE COST OF IMPLEMENTING THE PROGRAM UNDER THIS SECTION.

13 (12) THE QUALIFIED TAXPAYER SHALL ATTACH ALL OF THE FOLLOWING
14 TO THE QUALIFIED TAXPAYER'S ANNUAL RETURN UNDER THIS PART:

15 (A) CERTIFICATION OF COMPLETED REHABILITATION.

16 (B) CERTIFICATION OF HISTORIC SIGNIFICANCE RELATED TO THE
17 HISTORIC RESOURCE AND THE QUALIFIED EXPENDITURES USED TO CLAIM A
18 CREDIT UNDER THIS SECTION.

19 (C) A COMPLETED ASSIGNMENT FORM IF THE QUALIFIED TAXPAYER IS
20 AN ASSIGNEE UNDER SECTION 675 OF ANY PORTION OF A CREDIT ALLOWED
21 UNDER THAT SECTION.

22 (13) THE AUTHORITY MAY PROMULGATE RULES TO IMPLEMENT THIS
23 SECTION PURSUANT TO THE ADMINISTRATIVE PROCEDURES ACT OF 1969, 1969
24 PA 306, MCL 24.201 TO 24.328.

25 (14) THE TOTAL OF THE CREDITS CLAIMED UNDER THIS SECTION AND
26 SECTION 675 FOR A REHABILITATION PROJECT SHALL NOT EXCEED 25% OF
27 THE TOTAL QUALIFIED EXPENDITURES ELIGIBLE FOR THE CREDIT UNDER THIS

1 SECTION FOR THAT REHABILITATION PROJECT.

2 (15) THE AUTHORITY SHALL REPORT ALL OF THE FOLLOWING TO THE
3 LEGISLATURE ANNUALLY FOR THE IMMEDIATELY PRECEDING STATE FISCAL
4 YEAR:

5 (A) THE FEE SCHEDULE USED BY THE CENTER AND THE TOTAL AMOUNT
6 OF FEES COLLECTED.

7 (B) A DESCRIPTION OF EACH REHABILITATION PROJECT CERTIFIED.

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

10 (16) AS USED IN THIS SECTION:

11 (A) "CONTRIBUTING RESOURCE" MEANS A HISTORIC RESOURCE THAT
12 CONTRIBUTES TO THE SIGNIFICANCE OF THE HISTORIC DISTRICT IN WHICH
13 IT IS LOCATED.

14 (B) "HISTORIC DISTRICT" MEANS AN AREA, OR GROUP OF AREAS NOT
15 NECESSARILY HAVING CONTIGUOUS BOUNDARIES, THAT CONTAINS 1 RESOURCE
16 OR A GROUP OF RESOURCES THAT ARE RELATED BY HISTORY, ARCHITECTURE,
17 ARCHAEOLOGY, ENGINEERING, OR CULTURE.

18 (C) "HISTORIC RESOURCE" MEANS A PUBLICLY OR PRIVATELY OWNED
19 HISTORIC BUILDING, STRUCTURE, SITE, OBJECT, FEATURE, OR OPEN SPACE
20 LOCATED WITHIN A HISTORIC DISTRICT DESIGNATED BY THE NATIONAL
21 REGISTER OF HISTORIC PLACES, THE STATE REGISTER OF HISTORIC SITES,
22 OR A LOCAL UNIT ACTING UNDER THE LOCAL HISTORIC DISTRICTS ACT, 1970
23 PA 169, MCL 399.201 TO 399.215; OR THAT IS INDIVIDUALLY LISTED ON
24 THE STATE REGISTER OF HISTORIC SITES OR NATIONAL REGISTER OF
25 HISTORIC PLACES AND INCLUDES ALL OF THE FOLLOWING:

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

1 RESIDENCE.

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

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

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

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

14 (D) "LOCAL UNIT" MEANS A COUNTY, CITY, VILLAGE, OR TOWNSHIP.

15 (E) "LONG-TERM LEASE" MEANS A LEASE TERM OF AT LEAST 27.5
16 YEARS FOR A RESIDENTIAL RESOURCE OR AT LEAST 31.5 YEARS FOR A
17 NONRESIDENTIAL RESOURCE.

18 (F) "MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY" OR
19 "AUTHORITY" MEANS THE PUBLIC BODY CORPORATE AND POLITIC CREATED BY
20 SECTION 21 OF THE STATE HOUSING DEVELOPMENT AUTHORITY ACT OF 1966,
21 1966 PA 346, MCL 125.1421.

22 (G) "OPEN SPACE" MEANS UNDEVELOPED LAND, A NATURALLY
23 LANDSCAPED AREA, OR A FORMAL OR MAN-MADE LANDSCAPED AREA THAT
24 PROVIDES A CONNECTIVE LINK OR A BUFFER BETWEEN OTHER RESOURCES.

25 (H) "PERSON" MEANS AN INDIVIDUAL, PARTNERSHIP, CORPORATION,
26 ASSOCIATION, GOVERNMENTAL ENTITY, OR OTHER LEGAL ENTITY.

27 (I) "QUALIFIED EXPENDITURES" MEANS CAPITAL EXPENDITURES THAT

1 QUALIFY, OR WOULD QUALIFY EXCEPT THAT THE TAXPAYER ELECTED TO
2 TRANSFER THE CREDIT UNDER SUBSECTION (10), FOR A REHABILITATION
3 CREDIT UNDER SECTION 47(A) (2) OF THE INTERNAL REVENUE CODE IF THE
4 TAXPAYER IS ELIGIBLE FOR THE CREDIT UNDER SECTION 47(A) (2) OF THE
5 INTERNAL REVENUE CODE OR, IF THE TAXPAYER IS NOT ELIGIBLE FOR THE
6 CREDIT UNDER SECTION 47(A) (2) OF THE INTERNAL REVENUE CODE, THE
7 QUALIFIED EXPENDITURES THAT WOULD QUALIFY UNDER SECTION 47(A) (2) OF
8 THE INTERNAL REVENUE CODE EXCEPT THAT THE EXPENDITURES ARE MADE TO
9 A HISTORIC RESOURCE THAT IS NOT ELIGIBLE FOR THE CREDIT UNDER
10 SECTION 47(A) (2) OF THE INTERNAL REVENUE CODE, THAT WERE PAID.
11 QUALIFIED EXPENDITURES DO NOT INCLUDE CAPITAL EXPENDITURES FOR
12 NONHISTORIC ADDITIONS TO A HISTORIC RESOURCE EXCEPT AN ADDITION
13 THAT IS REQUIRED BY STATE OR FEDERAL REGULATIONS THAT RELATE TO
14 HISTORIC PRESERVATION, SAFETY, OR ACCESSIBILITY.

15 (J) "QUALIFIED TAXPAYER" MEANS A PERSON THAT IS AN ASSIGNEE
16 UNDER SECTION 675 OR EITHER OWNS THE RESOURCE TO BE REHABILITATED
17 OR HAS A LONG-TERM LEASE AGREEMENT WITH THE OWNER OF THE HISTORIC
18 RESOURCE AND THAT HAS QUALIFIED EXPENDITURES FOR THE REHABILITATION
19 OF THE HISTORIC RESOURCE EQUAL TO OR GREATER THAN 10% OF THE STATE
20 EQUALIZED VALUATION OF THE PROPERTY. IF THE HISTORIC RESOURCE TO BE
21 REHABILITATED IS A PORTION OF A HISTORIC OR NONHISTORIC RESOURCE,
22 THE STATE EQUALIZED VALUATION OF ONLY THAT PORTION OF THE PROPERTY
23 SHALL BE USED FOR PURPOSES OF THIS SUBDIVISION. IF THE ASSESSOR FOR
24 THE LOCAL TAX COLLECTING UNIT IN WHICH THE HISTORIC RESOURCE IS
25 LOCATED DETERMINES THE STATE EQUALIZED VALUATION OF THAT PORTION,
26 THAT ASSESSOR'S DETERMINATION SHALL BE USED FOR PURPOSES OF THIS
27 SUBDIVISION. IF THE ASSESSOR DOES NOT DETERMINE THAT STATE

1 EQUALIZED VALUATION OF THAT PORTION, QUALIFIED EXPENDITURES, FOR
2 PURPOSES OF THIS SUBDIVISION, SHALL BE EQUAL TO OR GREATER THAN 5%
3 OF THE APPRAISED VALUE AS DETERMINED BY A CERTIFIED APPRAISER. IF
4 THE HISTORIC RESOURCE TO BE REHABILITATED DOES NOT HAVE A STATE
5 EQUALIZED VALUATION, QUALIFIED EXPENDITURES FOR PURPOSES OF THIS
6 SUBDIVISION SHALL BE EQUAL TO OR GREATER THAN 5% OF THE APPRAISED
7 VALUE OF THE RESOURCE AS DETERMINED BY A CERTIFIED APPRAISER.

8 (K) "REHABILITATION PLAN" MEANS A PLAN FOR THE REHABILITATION
9 OF A HISTORIC RESOURCE THAT MEETS THE FEDERAL SECRETARY OF THE
10 INTERIOR'S STANDARDS FOR REHABILITATION AND GUIDELINES FOR
11 REHABILITATION OF HISTORIC BUILDINGS UNDER 36 CFR PART 67.

12 SEC. 675. (1) A QUALIFIED TAXPAYER WITH A REHABILITATION PLAN
13 CERTIFIED AFTER DECEMBER 31, 2018 MAY CREDIT AGAINST THE TAX
14 IMPOSED BY THIS PART THE AMOUNT DETERMINED PURSUANT TO SUBSECTION
15 (2) FOR THE QUALIFIED EXPENDITURES FOR THE REHABILITATION OF A
16 HISTORIC RESOURCE PURSUANT TO THE REHABILITATION PLAN IN THE YEAR
17 IN WHICH THE CERTIFICATION OF COMPLETED REHABILITATION OF THE
18 HISTORIC RESOURCE IS ISSUED. ONLY THOSE EXPENDITURES THAT ARE PAID
19 OR INCURRED DURING THE TIME PERIODS PRESCRIBED FOR THE CREDIT UNDER
20 SECTION 47(A) (2) OF THE INTERNAL REVENUE CODE AND ANY RELATED
21 TREASURY REGULATIONS SHALL BE CONSIDERED QUALIFIED EXPENDITURES.

22 (2) THE CREDIT ALLOWED UNDER THIS SUBSECTION SHALL BE 25% OF
23 THE QUALIFIED EXPENDITURES THAT ARE ELIGIBLE, OR WOULD HAVE BEEN
24 ELIGIBLE EXCEPT THAT THE TAXPAYER ENTERED INTO AN AGREEMENT UNDER
25 SUBSECTION (10), FOR THE CREDIT UNDER SECTION 47(A) (2) OF THE
26 INTERNAL REVENUE CODE IF THE TAXPAYER IS ELIGIBLE FOR THE CREDIT
27 UNDER SECTION 47(A) (2) OF THE INTERNAL REVENUE CODE OR, IF THE

1 TAXPAYER IS NOT ELIGIBLE FOR THE CREDIT UNDER SECTION 47(A) (2) OF
2 THE INTERNAL REVENUE CODE, 25% OF THE QUALIFIED EXPENDITURES THAT
3 WOULD QUALIFY UNDER SECTION 47(A) (2) OF THE INTERNAL REVENUE CODE
4 EXCEPT THAT THE EXPENDITURES ARE MADE TO A HISTORIC RESOURCE THAT
5 IS NOT ELIGIBLE FOR THE CREDIT UNDER SECTION 47(A) (2) OF THE
6 INTERNAL REVENUE CODE, SUBJECT TO BOTH OF THE FOLLOWING:

7 (A) A TAXPAYER WITH QUALIFIED EXPENDITURES THAT ARE ELIGIBLE
8 FOR THE CREDIT UNDER SECTION 47(A) (2) OF THE INTERNAL REVENUE CODE
9 MAY NOT CLAIM A CREDIT UNDER THIS SECTION FOR THOSE QUALIFIED
10 EXPENDITURES UNLESS THE TAXPAYER HAS CLAIMED AND RECEIVED A CREDIT
11 FOR THOSE QUALIFIED EXPENDITURES UNDER SECTION 47(A) (2) OF THE
12 INTERNAL REVENUE CODE OR THE TAXPAYER HAS ENTERED INTO AN AGREEMENT
13 UNDER SUBSECTION (10) .

14 (B) A CREDIT UNDER THIS SUBSECTION SHALL BE REDUCED BY THE
15 AMOUNT OF A CREDIT RECEIVED BY THE TAXPAYER FOR THE SAME QUALIFIED
16 EXPENDITURES UNDER SECTION 47(A) (2) OF THE INTERNAL REVENUE CODE.

17 (3) TO BE ELIGIBLE FOR THE CREDIT UNDER SUBSECTION (2) , THE
18 TAXPAYER SHALL APPLY TO AND RECEIVE CERTIFICATION FROM THE MICHIGAN
19 STATE HOUSING DEVELOPMENT AUTHORITY THAT THE HISTORIC SIGNIFICANCE ,
20 THE REHABILITATION PLAN, AND THE COMPLETED REHABILITATION OF THE
21 HISTORIC RESOURCE MEET THE CRITERIA UNDER SUBSECTION (6) AND EITHER
22 OF THE FOLLOWING:

23 (A) ALL OF THE FOLLOWING CRITERIA:

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

26 (ii) BOTH THE REHABILITATION PLAN AND COMPLETED REHABILITATION
27 OF THE HISTORIC RESOURCE MEET THE FEDERAL SECRETARY OF THE

1 INTERIOR'S STANDARDS FOR REHABILITATION AND GUIDELINES FOR
2 REHABILITATING HISTORIC BUILDINGS, 36 CFR PART 67.

3 (iii) ALL REHABILITATION WORK HAS BEEN DONE TO OR WITHIN THE
4 WALLS, BOUNDARIES, OR STRUCTURES OF THE HISTORIC RESOURCE OR TO
5 HISTORIC RESOURCES LOCATED WITHIN THE PROPERTY BOUNDARIES OF THE
6 PROPERTY.

7 (B) THE TAXPAYER HAS RECEIVED CERTIFICATION FROM THE NATIONAL
8 PARK SERVICE THAT THE HISTORIC RESOURCE'S SIGNIFICANCE, THE
9 REHABILITATION PLAN, AND THE COMPLETED REHABILITATION QUALIFY FOR
10 THE CREDIT ALLOWED UNDER SECTION 47(A) (2) OF THE INTERNAL REVENUE
11 CODE.

12 (4) IF A QUALIFIED TAXPAYER IS ELIGIBLE FOR THE CREDIT ALLOWED
13 UNDER SECTION 47(A) (2) OF THE INTERNAL REVENUE CODE, THE QUALIFIED
14 TAXPAYER SHALL FILE FOR CERTIFICATION WITH THE AUTHORITY TO QUALIFY
15 FOR THE CREDIT ALLOWED UNDER SECTION 47(A) (2) OF THE INTERNAL
16 REVENUE CODE. IF THE QUALIFIED TAXPAYER HAS PREVIOUSLY FILED FOR
17 CERTIFICATION WITH THE AUTHORITY TO QUALIFY FOR THE CREDIT ALLOWED
18 UNDER SECTION 47(A) (2) OF THE INTERNAL REVENUE CODE, ADDITIONAL
19 FILING FOR THE CREDIT ALLOWED UNDER THIS SECTION IS NOT REQUIRED.

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

27 (6) QUALIFIED EXPENDITURES FOR THE REHABILITATION OF A

1 HISTORIC RESOURCE MAY BE USED TO CALCULATE THE CREDIT UNDER THIS
2 SECTION IF THE HISTORIC RESOURCE MEETS 1 OF THE CRITERIA LISTED IN
3 SUBDIVISION (A) AND 1 OF THE CRITERIA LISTED IN SUBDIVISION (B):

4 (A) THE RESOURCE IS 1 OF THE FOLLOWING DURING THE TAX YEAR IN
5 WHICH A CREDIT UNDER THIS SECTION IS CLAIMED FOR THOSE QUALIFIED
6 EXPENDITURES:

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

9 (ii) A CONTRIBUTING RESOURCE LOCATED WITHIN A HISTORIC
10 DISTRICT LISTED ON THE NATIONAL REGISTER OF HISTORIC PLACES OR THE
11 STATE REGISTER OF HISTORIC SITES.

12 (iii) A CONTRIBUTING RESOURCE LOCATED WITHIN A HISTORIC
13 DISTRICT DESIGNATED BY A LOCAL UNIT PURSUANT TO AN ORDINANCE
14 ADOPTED UNDER THE LOCAL HISTORIC DISTRICTS ACT, 1970 PA 169, MCL
15 399.201 TO 399.215.

16 (B) THE RESOURCE MEETS 1 OF THE FOLLOWING CRITERIA DURING THE
17 TAX YEAR IN WHICH A CREDIT UNDER THIS SECTION IS CLAIMED FOR THOSE
18 QUALIFIED EXPENDITURES:

19 (i) THE HISTORIC RESOURCE IS LOCATED IN A DESIGNATED HISTORIC
20 DISTRICT IN A LOCAL UNIT OF GOVERNMENT WITH AN EXISTING ORDINANCE
21 UNDER THE LOCAL HISTORIC DISTRICTS ACT, 1970 PA 169, MCL 399.201 TO
22 399.215.

23 (ii) THE HISTORIC RESOURCE IS LOCATED IN AN INCORPORATED LOCAL
24 UNIT OF GOVERNMENT THAT DOES NOT HAVE AN ORDINANCE UNDER THE LOCAL
25 HISTORIC DISTRICTS ACT, 1970 PA 169, MCL 399.201 TO 399.215, AND
26 HAS A POPULATION OF LESS THAN 5,000.

27 (iii) THE HISTORIC RESOURCE IS LOCATED IN AN UNINCORPORATED

1 LOCAL UNIT OF GOVERNMENT.

2 (iv) THE HISTORIC RESOURCE IS LOCATED IN AN INCORPORATED LOCAL
3 UNIT OF GOVERNMENT THAT DOES NOT HAVE AN ORDINANCE UNDER THE LOCAL
4 HISTORIC DISTRICTS ACT, 1970 PA 169, MCL 399.201 TO 399.215, AND IS
5 LOCATED WITHIN THE BOUNDARIES OF AN ASSOCIATION THAT HAS BEEN
6 CHARTERED UNDER 1889 PA 39, MCL 455.51 TO 455.72.

7 (v) THE HISTORIC RESOURCE IS SUBJECT TO A HISTORIC
8 PRESERVATION EASEMENT.

9 (7) A QUALIFIED TAXPAYER MAY ASSIGN ALL OR ANY PORTION OF THE
10 CREDIT ALLOWED UNDER THIS SECTION. A CREDIT ASSIGNMENT UNDER THIS
11 SUBSECTION IS IRREVOCABLE AND SHALL BE MADE IN THE TAX YEAR IN
12 WHICH A CERTIFICATE OF COMPLETED REHABILITATION IS ISSUED. A
13 QUALIFIED TAXPAYER MAY CLAIM A PORTION OF A CREDIT AND ASSIGN THE
14 REMAINING AMOUNT. IF THE QUALIFIED TAXPAYER BOTH CLAIMS AND ASSIGNS
15 PORTIONS OF THE CREDIT, THE QUALIFIED TAXPAYER SHALL CLAIM THE
16 PORTION IT CLAIMS IN THE TAX YEAR IN WHICH A CERTIFICATE OF
17 COMPLETED REHABILITATION IS ISSUED PURSUANT TO THIS SECTION. AN
18 ASSIGNEE MAY SUBSEQUENTLY ASSIGN THE CREDIT OR ANY PORTION OF THE
19 CREDIT ASSIGNED UNDER THIS SUBSECTION TO 1 OR MORE ASSIGNEES. AN
20 ASSIGNMENT OR SUBSEQUENT REASSIGNMENT OF A CREDIT CAN BE MADE IN
21 THE YEAR THE CERTIFICATE OF COMPLETED REHABILITATION IS ISSUED. A
22 CREDIT ASSIGNMENT OR SUBSEQUENT REASSIGNMENT UNDER THIS SECTION
23 SHALL BE MADE ON A FORM PRESCRIBED BY THE DEPARTMENT. THE
24 DEPARTMENT OR ITS DESIGNEE SHALL REVIEW AND ISSUE A COMPLETED
25 ASSIGNMENT OR REASSIGNMENT CERTIFICATE TO THE ASSIGNEE OR
26 REASSIGNEE. A CREDIT AMOUNT ASSIGNED UNDER THIS SUBSECTION MAY BE
27 CLAIMED AGAINST THE ASSIGNEES' TAX UNDER THIS PART OR PART 1. AN

1 ASSIGNEE OR SUBSEQUENT REASSIGNEE SHALL ATTACH A COPY OF THE
2 COMPLETED ASSIGNMENT CERTIFICATE TO THE ANNUAL RETURN REQUIRED TO
3 BE FILED UNDER THIS PART FOR THE TAX YEAR IN WHICH THE ASSIGNMENT
4 OR REASSIGNMENT IS MADE AND THE ASSIGNEE OR REASSIGNEE FIRST CLAIMS
5 THE CREDIT, WHICH SHALL BE THE SAME TAX YEAR.

6 (8) IF THE CREDIT ALLOWED UNDER THIS SECTION FOR THE TAX YEAR
7 AND ANY UNUSED CARRYFORWARD OF THE CREDIT ALLOWED BY THIS SECTION
8 EXCEED THE TAXPAYER'S TAX LIABILITY FOR THE TAX YEAR, THAT PORTION
9 THAT EXCEEDS THE TAX LIABILITY FOR THE TAX YEAR SHALL NOT BE
10 REFUNDED BUT MAY BE CARRIED FORWARD TO OFFSET TAX LIABILITY IN
11 SUBSEQUENT TAX YEARS FOR 10 YEARS OR UNTIL USED UP, WHICHEVER
12 OCCURS FIRST. IF A QUALIFIED TAXPAYER HAS AN UNUSED CARRYFORWARD OF
13 A CREDIT UNDER THIS SECTION, THE AMOUNT OTHERWISE ADDED UNDER
14 SUBSECTION (9) TO THE QUALIFIED TAXPAYER'S TAX LIABILITY MAY
15 INSTEAD BE USED TO REDUCE THE QUALIFIED TAXPAYER'S CARRYFORWARD
16 UNDER THIS SECTION. IF THE CREDIT AMOUNT ALLOWED IS LESS THAN
17 \$250,000.00, A QUALIFIED TAXPAYER MAY ELECT TO FORGO THE CARRYOVER
18 PERIOD AND RECEIVE A REFUND OF THE AMOUNT OF THE CREDIT THAT
19 EXCEEDS THE QUALIFIED TAXPAYER'S TAX LIABILITY. THE AMOUNT OF THE
20 REFUND SHALL BE EQUAL TO 90% OF THE AMOUNT OF THE CREDIT THAT
21 EXCEEDS THE QUALIFIED TAXPAYER'S TAX LIABILITY. AN ELECTION UNDER
22 THIS SUBSECTION SHALL BE MADE IN THE YEAR THAT A CERTIFICATE OF
23 COMPLETED REHABILITATION IS ISSUED AND SHALL BE IRREVOCABLE.

24 (9) EXCEPT AS OTHERWISE PROVIDED UNDER SUBSECTION (10), IF A
25 CERTIFICATE OF COMPLETED REHABILITATION IS REVOKED UNDER SUBSECTION
26 (5) OR A HISTORIC RESOURCE IS SOLD OR DISPOSED OF LESS THAN 5 YEARS
27 AFTER THE HISTORIC RESOURCE IS PLACED IN SERVICE AS DEFINED IN

1 SECTION 47(B) (1) OF THE INTERNAL REVENUE CODE AND RELATED TREASURY
2 REGULATIONS, THE FOLLOWING PERCENTAGE OF THE CREDIT AMOUNT
3 PREVIOUSLY CLAIMED RELATIVE TO THAT HISTORIC RESOURCE SHALL BE
4 ADDED BACK TO THE TAX LIABILITY OF THE QUALIFIED TAXPAYER THAT
5 RECEIVED THE CERTIFICATE OF COMPLETED REHABILITATION AND NOT THE
6 ASSIGNEE IN THE YEAR OF THE REVOCATION:

7 (A) IF THE REVOCATION IS LESS THAN 1 YEAR AFTER THE HISTORIC
8 RESOURCE IS PLACED IN SERVICE, 100%.

9 (B) IF THE REVOCATION IS AT LEAST 1 YEAR BUT LESS THAN 2 YEARS
10 AFTER THE HISTORIC RESOURCE IS PLACED IN SERVICE, 80%.

11 (C) IF THE REVOCATION IS AT LEAST 2 YEARS BUT LESS THAN 3
12 YEARS AFTER THE HISTORIC RESOURCE IS PLACED IN SERVICE, 60%.

13 (D) IF THE REVOCATION IS AT LEAST 3 YEARS BUT LESS THAN 4
14 YEARS AFTER THE HISTORIC RESOURCE IS PLACED IN SERVICE, 40%.

15 (E) IF THE REVOCATION IS AT LEAST 4 YEARS BUT LESS THAN 5
16 YEARS AFTER THE HISTORIC RESOURCE IS PLACED IN SERVICE, 20%.

17 (F) IF THE REVOCATION IS AT LEAST 5 YEARS OR MORE AFTER THE
18 HISTORIC RESOURCE IS PLACED IN SERVICE, AN ADDBACK TO THE QUALIFIED
19 TAXPAYER TAX LIABILITY IS NOT REQUIRED.

20 (10) SUBSECTION (9) SHALL NOT APPLY IF THE QUALIFIED TAXPAYER
21 ENTERS INTO A WRITTEN AGREEMENT WITH THE AUTHORITY THAT WILL ALLOW
22 FOR THE TRANSFER OR SALE OF THE HISTORIC RESOURCE AND PROVIDES THE
23 FOLLOWING:

24 (A) REASONABLE ASSURANCE THAT SUBSEQUENT TO THE TRANSFER THE
25 PROPERTY WILL REMAIN A HISTORIC RESOURCE DURING THE 5-YEAR PERIOD
26 AFTER THE HISTORIC RESOURCE IS PLACED IN SERVICE.

27 (B) A METHOD THAT THE DEPARTMENT CAN RECOVER AN AMOUNT FROM

1 THE TAXPAYER EQUAL TO THE APPROPRIATE PERCENTAGE OF CREDIT ADDED
2 BACK AS DESCRIBED UNDER SUBSECTION (9).

3 (C) AN ENCUMBRANCE ON THE TITLE TO THE HISTORIC RESOURCE BEING
4 SOLD OR TRANSFERRED, STATING THAT THE PROPERTY MUST REMAIN A
5 HISTORIC RESOURCE THROUGHOUT THE 5-YEAR PERIOD AFTER THE HISTORIC
6 RESOURCE IS PLACED IN SERVICE.

7 (D) A PROVISION FOR THE PAYMENT BY THE TAXPAYER OF ALL LEGAL
8 AND PROFESSIONAL FEES ASSOCIATED WITH THE DRAFTING, REVIEW, AND
9 RECORDING OF THE WRITTEN AGREEMENT REQUIRED UNDER THIS SUBSECTION.

10 (11) THE AUTHORITY MAY IMPOSE A FEE TO COVER THE
11 ADMINISTRATIVE COST OF IMPLEMENTING THE PROGRAM UNDER THIS SECTION.

12 (12) THE QUALIFIED TAXPAYER SHALL ATTACH ALL OF THE FOLLOWING
13 TO THE QUALIFIED TAXPAYER'S ANNUAL RETURN REQUIRED UNDER THIS PART,
14 IF APPLICABLE, ON WHICH THE CREDIT IS CLAIMED:

15 (A) CERTIFICATION OF COMPLETED REHABILITATION.

16 (B) CERTIFICATION OF HISTORIC SIGNIFICANCE RELATED TO THE
17 HISTORIC RESOURCE AND THE QUALIFIED EXPENDITURES USED TO CLAIM A
18 CREDIT UNDER THIS SECTION.

19 (C) A COMPLETED ASSIGNMENT FORM IF THE QUALIFIED TAXPAYER OR
20 ASSIGNEE HAS ASSIGNED ANY PORTION OF A CREDIT ALLOWED UNDER THIS
21 SECTION OR IF THE TAXPAYER IS AN ASSIGNEE OF ANY PORTION OF A
22 CREDIT ALLOWED UNDER THIS SECTION.

23 (13) THE AUTHORITY MAY PROMULGATE RULES TO IMPLEMENT THIS
24 SECTION PURSUANT TO THE ADMINISTRATIVE PROCEDURES ACT OF 1969, 1969
25 PA 306, MCL 24.201 TO 24.328.

26 (14) THE TOTAL OF THE CREDITS CLAIMED UNDER SUBSECTION (2) AND
27 SECTION 266A FOR A REHABILITATION PROJECT SHALL NOT EXCEED 25% OF

1 THE TOTAL QUALIFIED EXPENDITURES ELIGIBLE FOR THE CREDIT UNDER
2 SUBSECTION (2) FOR THAT REHABILITATION PROJECT.

3 (15) THE AUTHORITY SHALL REPORT ALL OF THE FOLLOWING TO THE
4 LEGISLATURE ANNUALLY FOR THE IMMEDIATELY PRECEDING STATE FISCAL
5 YEAR:

6 (A) THE FEE SCHEDULE USED BY THE AUTHORITY AND THE TOTAL
7 AMOUNT OF FEES COLLECTED.

8 (B) A DESCRIPTION OF EACH REHABILITATION PROJECT CERTIFIED.

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

11 (16) AS USED IN THIS SECTION:

12 (A) "CONTRIBUTING RESOURCE" MEANS A HISTORIC RESOURCE THAT
13 CONTRIBUTES TO THE SIGNIFICANCE OF THE HISTORIC DISTRICT IN WHICH
14 IT IS LOCATED.

15 (B) "HISTORIC DISTRICT" MEANS AN AREA, OR GROUP OF AREAS NOT
16 NECESSARILY HAVING CONTIGUOUS BOUNDARIES, THAT CONTAINS 1 RESOURCE
17 OR A GROUP OF RESOURCES THAT ARE RELATED BY HISTORY, ARCHITECTURE,
18 ARCHAEOLOGY, ENGINEERING, OR CULTURE.

19 (C) "HISTORIC RESOURCE" MEANS A PUBLICLY OR PRIVATELY OWNED
20 HISTORIC BUILDING, STRUCTURE, SITE, OBJECT, FEATURE, OR OPEN SPACE
21 LOCATED WITHIN A HISTORIC DISTRICT DESIGNATED BY THE NATIONAL
22 REGISTER OF HISTORIC PLACES, THE STATE REGISTER OF HISTORIC SITES,
23 OR A LOCAL UNIT ACTING UNDER THE LOCAL HISTORIC DISTRICTS ACT, 1970
24 PA 169, MCL 399.201 TO 399.215, OR THAT IS INDIVIDUALLY LISTED ON
25 THE STATE REGISTER OF HISTORIC SITES OR NATIONAL REGISTER OF
26 HISTORIC PLACES, AND INCLUDES ALL OF THE FOLLOWING:

27 (i) AN OWNER-OCCUPIED PERSONAL RESIDENCE OR A HISTORIC

1 RESOURCE LOCATED WITHIN THE PROPERTY BOUNDARIES OF THAT PERSONAL
2 RESIDENCE.

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

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

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

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

15 (D) "LOCAL UNIT" MEANS A COUNTY, CITY, VILLAGE, OR TOWNSHIP.

16 (E) "LONG-TERM LEASE" MEANS A LEASE TERM OF AT LEAST 27.5
17 YEARS FOR A RESIDENTIAL RESOURCE OR AT LEAST 31.5 YEARS FOR A
18 NONRESIDENTIAL RESOURCE.

19 (F) "MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY" OR
20 "AUTHORITY" MEANS THE PUBLIC BODY CORPORATE AND POLITIC CREATED BY
21 SECTION 21 OF THE STATE HOUSING DEVELOPMENT AUTHORITY ACT OF 1966,
22 1966 PA 346, MCL 125.1421.

23 (G) "OPEN SPACE" MEANS UNDEVELOPED LAND, A NATURALLY
24 LANDSCAPED AREA, OR A FORMAL OR MAN-MADE LANDSCAPED AREA THAT
25 PROVIDES A CONNECTIVE LINK OR A BUFFER BETWEEN OTHER RESOURCES.

26 (H) "PERSON" MEANS AN INDIVIDUAL, PARTNERSHIP, CORPORATION,
27 ASSOCIATION, GOVERNMENTAL ENTITY, OR OTHER LEGAL ENTITY.

1 (I) "QUALIFIED EXPENDITURES" MEANS CAPITAL EXPENDITURES THAT
2 QUALIFY, OR WOULD QUALIFY EXCEPT THAT THE TAXPAYER ENTERED INTO AN
3 AGREEMENT UNDER SUBSECTION (10), FOR A REHABILITATION CREDIT UNDER
4 SECTION 47(A) (2) OF THE INTERNAL REVENUE CODE IF THE TAXPAYER IS
5 ELIGIBLE FOR THE CREDIT UNDER SECTION 47(A) (2) OF THE INTERNAL
6 REVENUE CODE OR, IF THE TAXPAYER IS NOT ELIGIBLE FOR THE CREDIT
7 UNDER SECTION 47(A) (2) OF THE INTERNAL REVENUE CODE, THE QUALIFIED
8 EXPENDITURES THAT WOULD QUALIFY UNDER SECTION 47(A) (2) OF THE
9 INTERNAL REVENUE CODE EXCEPT THAT THE EXPENDITURES ARE MADE TO A
10 HISTORIC RESOURCE THAT IS NOT ELIGIBLE FOR THE CREDIT UNDER SECTION
11 47(A) (2) OF THE INTERNAL REVENUE CODE THAT WERE PAID. QUALIFIED
12 EXPENDITURES DO NOT INCLUDE CAPITAL EXPENDITURES FOR NONHISTORIC
13 ADDITIONS TO A HISTORIC RESOURCE EXCEPT AN ADDITION THAT IS
14 REQUIRED BY STATE OR FEDERAL REGULATIONS THAT RELATE TO HISTORIC
15 PRESERVATION, SAFETY, OR ACCESSIBILITY.

16 (J) "QUALIFIED TAXPAYER" MEANS A PERSON THAT EITHER OWNS THE
17 RESOURCE TO BE REHABILITATED OR HAS A LONG-TERM LEASE AGREEMENT
18 WITH THE OWNER OF THE HISTORIC RESOURCE AND THAT HAS QUALIFIED
19 EXPENDITURES FOR THE REHABILITATION OF THE HISTORIC RESOURCE EQUAL
20 TO OR GREATER THAN 10% OF THE STATE EQUALIZED VALUATION OF THE
21 PROPERTY. IF THE HISTORIC RESOURCE TO BE REHABILITATED IS A PORTION
22 OF A HISTORIC OR NONHISTORIC RESOURCE, THE STATE EQUALIZED
23 VALUATION OF ONLY THAT PORTION OF THE PROPERTY SHALL BE USED FOR
24 PURPOSES OF THIS SUBDIVISION. IF THE ASSESSOR FOR THE LOCAL TAX
25 COLLECTING UNIT IN WHICH THE HISTORIC RESOURCE IS LOCATED
26 DETERMINES THE STATE EQUALIZED VALUATION OF THAT PORTION, THAT
27 ASSESSOR'S DETERMINATION SHALL BE USED FOR PURPOSES OF THIS

1 SUBDIVISION. IF THE ASSESSOR DOES NOT DETERMINE THAT STATE
2 EQUALIZED VALUATION OF THAT PORTION, QUALIFIED EXPENDITURES, FOR
3 PURPOSES OF THIS SUBDIVISION, SHALL BE EQUAL TO OR GREATER THAN 5%
4 OF THE APPRAISED VALUE AS DETERMINED BY A CERTIFIED APPRAISER. IF
5 THE HISTORIC RESOURCE TO BE REHABILITATED DOES NOT HAVE A STATE
6 EQUALIZED VALUATION, QUALIFIED EXPENDITURES FOR PURPOSES OF THIS
7 SUBDIVISION SHALL BE EQUAL TO OR GREATER THAN 5% OF THE APPRAISED
8 VALUE OF THE RESOURCE AS DETERMINED BY A CERTIFIED APPRAISER.

9 (K) "REHABILITATION PLAN" MEANS A PLAN FOR THE REHABILITATION
10 OF A HISTORIC RESOURCE THAT MEETS THE FEDERAL SECRETARY OF THE
11 INTERIOR'S STANDARDS FOR REHABILITATION AND GUIDELINES FOR
12 REHABILITATION OF HISTORIC BUILDINGS UNDER 36 CFR PART 67.

ALLOW FOR NEW HISTORIC PRESERVATION TAX CREDITS

Phone: (517) 373-8080
<http://www.house.mi.gov/hfa>

Senate Bill 469 (S-1) as passed by the Senate
Sponsor: Sen. Wayne Schmidt
House Committee: Tax Policy
Senate Committee: Finance
Complete to 5-15-18

Analysis available at
<http://www.legislature.mi.gov>

BRIEF SUMMARY:

Senate Bill 469 would amend the Income Tax Act to restart the availability of the Historic Preservation Income Tax Credit. These credits were discontinued in 2011 (see **Brief Background**, below).

The bill would add nearly identical sections to Part 1 (Individual Income Tax) and Part 2 (Corporate Income Tax) of the Act. Generally speaking, the tax credit would be available in an amount equal to 25% of a qualified taxpayer's expenditures on the rehabilitation of a historic resource, less any amount of a credit received for the same qualified expenses under the federal rehabilitation credit. The bill would not restart provisions of the tax credit that provided for enhanced and special consideration credits under the Michigan Business Tax.

DETAILED SUMMARY:

Overview and Amount of Credit

Under the bill, a *qualified taxpayer* with a *rehabilitation plan* certified after December 31, 2017 could claim an income tax credit for the *qualified expenditures* for the rehabilitation of a *historic resource* in the year in which the certification of completed rehabilitation is issued. Only the expenditures that are paid or incurred during the time prescribed for the federal historic tax credit under section 47(A)(2) of the Internal Revenue Code and any related Treasury regulations would be considered qualified expenditures.

[Section 47(A)(2) describes the ratable share of the federal rehabilitation credit for any tax year, which is an amount equal to 20% of the qualified rehabilitation expenditures, allocated ratably to each year during a 5-year period after the qualified rehabilitated building is placed in service.]

The credit would be in an amount equal to 25% of the qualified expenditures that are eligible for the credit under section 47(A)(2) of the Internal Revenue Code, or 25% of the qualified expenditures that *would* qualify under that section except that the expenditures are made to a historic resource that is not eligible for that credit. The 25% credit would be subject to both the following:

- A taxpayer with qualified expenditures that are eligible for the federal credit cannot claim the state credit unless the taxpayer has claimed and received the federal credit.
- The credit is reduced by the amount of a credit received for the same qualified expenditures under the federal tax credit.

A **qualified taxpayer** would be a person (individual, partnership, corporation, association, governmental entity, or other legal entity) that is assigned a tax credit [for purposes of Part 1 of the Act] or either owns the resource to be rehabilitated or has a long-term lease agreement (at least 27.5 years for a residential resource or 31.5 years for a nonresidential resource) with the owner, and that has qualified expenditures of at least 10% of the state equalized value (SEV) of the property. If the resource to be renovated is a portion of a historic or nonhistoric resource, only that portion would be used for this calculation; the local assessor would determine the SEV of that portion. If the assessor did not determine SEV for that portion, qualified expenditures would have to be at least 5% of the appraised value, as determined by an appraiser. This final threshold would also be used if the historic resource did not have an SEV.

Rehabilitation plan would mean a plan for the rehabilitation of a historic resource that meets the federal Secretary of the Interior's standards for rehabilitation and guidelines for rehabilitation of historic buildings in the Code of Federal Regulations.

Qualified expenditures would mean capital expenditures that qualify (or would qualify except that the property and/or credit was transferred under certain circumstances) for a rehabilitation credit under section 47(A)(2) of the Internal Revenue Code that were paid. Or, if the taxpayer were not eligible for the credit under section 47(A)(2), this would include the qualified expenditures that *would* qualify under that section except that the expenditures are made to a historic resource that is not eligible for the credit under that section. Qualified expenditures would not include capital expenditures for nonhistoric additions to a historic resource except those required by state or federal regulations that relate to preservation, safety, or accessibility.

Historic resource would mean 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 the Local Historic Districts Act; or that is individually listed on the State Register of Historic Sites or National Register of Historic Places and includes all of the following:

- An owner-occupied personal residence or a historic resource located within the property boundaries of that historic residence.
- An income-producing commercial, industrial, or residential resource or a historic resource located within the property boundaries of that resource.
- A resource owned by a governmental body, nonprofit, or tax-exempt entity that is used primarily by a taxpayer lessee in a trade or business unrelated to the governmental body, nonprofit, or tax-exempt entity and that is subject to the income tax.
- A resource that is occupied or utilized by a governmental body, nonprofit, or tax-exempt entity pursuant to a long-term lease or lease with option to buy agreement.
- Any other resource that could benefit from rehabilitation.

Application for Credit

To receive the credit, the taxpayer would have to apply to and receive certification from the Michigan State Housing Development Authority (MSHDA) that the historic significance, rehabilitation plan, and completed rehabilitation meet criteria for qualified expenditures (see below) and either of the following:

1. All of the following criteria:
 - a. The historic resource contributes to the significance of the historic district in which it is located.
 - b. Both the rehabilitation plan and completed rehabilitation of the historic resource meet the Secretary of the Interior's standards for rehabilitation and guidelines in the Code of Federal Regulations.
 - c. All rehabilitation work has been done to or within the walls, boundaries, or structures of the historic resource or to historic resources located within the property boundaries of the resource.
2. 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 rehabilitation credit.

If a taxpayer is eligible for the federal rehabilitation credit, the taxpayer would have to file for certification with MSHDA to qualify for the federal credit. If the taxpayer had previously filed for federal certification with MSHDA, no additional filing for the state credit would be required.

MSHDA could inspect a historic resource at any time during the rehabilitation process and could revoke certification of completed rehabilitation if the rehabilitation was not undertaken as represented in the plan or if unapproved alterations to the completed rehabilitation were made during the 5 years after the tax year in which the credit was claimed. MSHDA would have to notify the Michigan Department of Treasury of a revocation.

MSHDA could impose a fee to cover the administrative costs of implementing the tax credit program and promulgate rules as well.

Criteria for Qualified Expenditures

Qualified expenditures could be used to calculate the credit if the historic resource meets certain criteria.

First, the historic resource would have to be one of the following during the tax year in which the credit is claimed:

- Individually listed on the National Register of Historic Places or State Register of Historic Sites.
- A contributing resource located within a national historic district listed on the National Register or State Register.
- A contributing resource located within a historic district by a local unit through an ordinance adopted under the Local Historic Districts Act.

Second, the historic resource would have to meet one of the following during the tax year in which the credit is claimed:

- Be located in a designated historic district in a local unit of government with an ordinance under the Local Historic Districts Act.
- Be located in an unincorporated local unit of government.
- Be located in an incorporated local unit of government that does not have an ordinance and has a population of less than 5,000.

- Be located in an incorporated local unit of government that does not have an ordinance, and is located within the boundaries of an association created under 1889 PA 39 [summer resort and assembly associations].
- Be subject to a historic preservation easement.

Revocation of Credit or Sale of Historic Resource

If a credit were revoked by MSHDA or the historic resource were sold or disposed of less than 5 years after being placed in service, a specific percentage of the credit amount previously claimed would be added back to the tax liability of the taxpayer that received the certificate of completed rehabilitation (and not the assignee). The percentages would be as follows:

Credit revoked [...] after resource placed in service	Percentage of credit added back
Less than 1 year	100%
Between 1 and 2 years	80%
Between 2 and 3 years	60%
Between 3 and 4 years	40%
Between 4 and 5 years	20%

If the revocation was 5 years or more after the placement in service, an addback would not be required.

Transfer or Assignment of Credit

Under the bill, in Part 1 of the Act, a qualified taxpayer could elect to forgo claiming the credit and transfer the credit along with the ownership of the property to a new owner. The new owner would be treated as the qualified taxpayer having incurred the rehabilitation costs and would be subject to the recapture provisions if the new owner sold or disposed of the property within 5 years after the new owner acquired the property. The placed in service date would be the date the new owner acquired the property.

Under the bill, in Part 2 of the Act, a taxpayer could assign all or a portion of the credit. A credit assignment would be irrevocable and made in the tax year in which the certificate of completed rehabilitation is issued. A qualified taxpayer could claim a portion and assign the rest; in this case, the taxpayer must claim the portion it claims in the tax year the certificate is issued. An assignee could subsequently assign the credit or any portion to 1 or more assignees; this could be done in the year the certificate is issued. The assignment or subsequent reassignment would be made on a form prescribed by the Michigan Department of Treasury. The department would review and issue a completed assignment or reassignment certificate. A credit assigned could be claimed against the assignee’s tax under Part 1 or Part 2. The assignment certificate would be attached to the annual tax return for the tax year in which the assignment or reassignment is made and the taxpayer first claims the credit, which must be the same tax year.

Also under the bill and in Part 2, a qualified taxpayer would not be subject to the recapture provisions if the taxpayer enters into a written agreement with MSHDA that allows for the transfer or sale of the historic resource and provides the following:

- Reasonable assurance that after the transfer the property will remain a historic resource during the 5-year period after being placed in service.

- A method that the department can recover an amount from the taxpayer equal to the appropriate percentage of credit added back per the recapture schedule.
- An encumbrance on the title to the historic resource being sold or transferred, stating that the property must remain a historic resource throughout the 5-year period after being placed in service.
- A provision for the payment by the taxpayer of all legal and professional fees associated with the drafting, review, and recording of the written agreement required.

Credit Carryforward and Refund

If the credit and any unused carryforward allowed exceed the taxpayer's tax liability for the tax year, the portion exceeding the liability for the tax year would not be refunded, but could be carried forward to offset tax liability in subsequent tax years for 10 years or until used up, whichever occurs first. If the credit amount were less than \$250,000, the taxpayer could instead elect to forgo the carryover period and receive a refund of the amount of the credit that exceeds the taxpayer's tax liability. The amount of the refund would be 90% of the credit that exceeds the tax liability. This election would have to be made in the year that a certificate of completed rehabilitation is issued and would be irrevocable.

Under Part 2 of the Act, the taxpayer could use the carryforward to offset any amount added back by a revocation of the credit.

Tax Return

The qualified taxpayer would have to attach all of the filing to the taxpayer's annual income tax return:

- Certification of completed rehabilitation
- Certification of historic significance related to the historic resource and the qualified expenditures used to claim a credit
- A completed assignment form if the qualified taxpayer is an assignee of a credit or has assigned a credit.

The total amount of credits claimed under the program for a rehabilitation project could not exceed 25% of the total qualified expenditures eligible for the credit.

MSHDA Report

MSHDA would have to report all the following annually to the legislature, for the immediately preceding fiscal year:

- The fee schedule used and the total amount of fees collected.
- A description of each rehabilitation project certified.
- The location of each new and ongoing rehabilitation project.

Proposed MCL 206.266a and 206.675

BRIEF BACKGROUND:

Public Acts 38 and 39 of 2011 amended the Income Tax Act and Michigan Business Tax Act, respectively, to make changes to the state's taxation of individual and business income. Among other things, the acts eliminated the awarding of new Historic Preservation Tax Credits, but

retained existing credits for the duration of the agreement.¹ These credits were awarded under the Michigan Business Tax and Single Business Tax.

FISCAL IMPACT:

According to the Department of Treasury, the bill would reduce state revenues by between \$1.0 and \$3.1 million annually. While distributional impact cannot be ascertained due to the lack of information regarding individual or corporate income tax claims, it is expected that the vast majority of the revenue loss will affect the General Fund.

Changes adopted in the Tax Cuts and Jobs Act of 2017 affected the federal historic preservation tax credit in ways that would diminish the state tax credit proposed under the bill. Prior to the federal tax changes, an individual could claim a federal tax credit equal to 20% of qualified expenditures once the project was complete. The Tax Cuts and Jobs Act now would require an individual to parcel out the benefit over 5 years, in equal installments. The state tax credit proposed under the bill uses the federal credit and federally defined qualified expenditures in determining the state benefit; therefore, the federal change affects the value of the Michigan tax credit.

The bill would authorize a Michigan taxpayer to claim a one-time credit equal to 25% of the qualified expenditures in the year in which the certification of completed rehabilitation of the historic resource is issued, less any federal credit claimed. Therefore, a Michigan taxpayer could only claim a credit in the first year. Coupled with federal law, which now requires the federal credit/qualified expenditures to be parceled out over 5 years, the value of the Michigan tax credit would only be calculated using one-fifth of the total qualified expenditures.

For example, assume a project with qualified expenditures totaling \$1.0 million. The federal tax code requires qualified expenditures to be spread over 5 years, or \$200,000 annually. In the first year, the federal tax benefit would equal 20% of qualified expenditures, or \$40,000. The state tax credit would equal 25% of qualified expenditures, or \$50,000, less any federal benefit claimed (\$40,000 in this example), for a total state tax credit of \$10,000. The remaining qualified expenditures would not be eligible for a state tax credit because the state tax credit can only be received in the year in which the certification of completed rehabilitation is issued.

The bill would increase costs for MSHDA related to administering the program, certifying tax credits, and potentially inspecting properties to ensure compliance with rehabilitation plans. However, the bill would authorize MSHDA to assess a fee for these costs.

Legislative Analyst: Patrick Morris
Fiscal Analyst: Ben Gielczyk

■ This analysis was prepared by nonpartisan House Fiscal Agency staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.

¹ For the Michigan State Housing Development Authority's overview of the Historic Preservation Tax Credit program, see: http://www.michigan.gov/mshda/0,4641,7-141-54317_19320_62001---,00.html

SUBSTITUTE FOR
SENATE BILL NO. 469

A bill to amend 1967 PA 281, entitled
"Income tax act of 1967,"
(MCL 206.1 to 206.713) by adding sections 266a and 675.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 SEC. 266A. (1) A QUALIFIED TAXPAYER WITH A REHABILITATION PLAN
2 CERTIFIED AFTER DECEMBER 31, 2017 MAY CREDIT AGAINST THE TAX
3 IMPOSED BY THIS PART THE AMOUNT DETERMINED PURSUANT TO SUBSECTION
4 (2) FOR THE QUALIFIED EXPENDITURES FOR THE REHABILITATION OF A
5 HISTORIC RESOURCE PURSUANT TO THE REHABILITATION PLAN IN THE YEAR
6 IN WHICH THE CERTIFICATION OF COMPLETED REHABILITATION OF THE
7 HISTORIC RESOURCE IS ISSUED. ONLY THOSE EXPENDITURES THAT ARE PAID
8 OR INCURRED DURING THE TIME PERIODS PRESCRIBED FOR THE CREDIT UNDER
9 SECTION 47(A) (2) OF THE INTERNAL REVENUE CODE AND ANY RELATED
10 TREASURY REGULATIONS SHALL BE CONSIDERED QUALIFIED EXPENDITURES.

1 (2) THE CREDIT ALLOWED UNDER THIS SECTION SHALL BE 25% OF THE
2 QUALIFIED EXPENDITURES THAT ARE ELIGIBLE, OR WOULD HAVE BEEN
3 ELIGIBLE EXCEPT THAT THE TAXPAYER ELECTED TO TRANSFER THE CREDIT
4 UNDER SUBSECTION (10), FOR THE CREDIT UNDER SECTION 47(A)(2) OF THE
5 INTERNAL REVENUE CODE IF THE TAXPAYER IS ELIGIBLE FOR THE CREDIT
6 UNDER SECTION 47(A)(2) OF THE INTERNAL REVENUE CODE OR, IF THE
7 TAXPAYER IS NOT ELIGIBLE FOR THE CREDIT UNDER SECTION 47(A)(2) OF
8 THE INTERNAL REVENUE CODE, 25% OF THE QUALIFIED EXPENDITURES THAT
9 WOULD QUALIFY UNDER SECTION 47(A)(2) OF THE INTERNAL REVENUE CODE
10 EXCEPT THAT THE EXPENDITURES ARE MADE TO A HISTORIC RESOURCE THAT
11 IS NOT ELIGIBLE FOR THE CREDIT UNDER SECTION 47(A)(2) OF THE
12 INTERNAL REVENUE CODE, SUBJECT TO BOTH OF THE FOLLOWING:

13 (A) A TAXPAYER WITH QUALIFIED EXPENDITURES THAT ARE ELIGIBLE
14 FOR THE CREDIT UNDER SECTION 47(A)(2) OF THE INTERNAL REVENUE CODE
15 MAY NOT CLAIM A CREDIT UNDER THIS SECTION FOR THOSE QUALIFIED
16 EXPENDITURES UNLESS THE TAXPAYER HAS CLAIMED AND RECEIVED A CREDIT
17 FOR THOSE QUALIFIED EXPENDITURES UNDER SECTION 47(A)(2) OF THE
18 INTERNAL REVENUE CODE OR THE TAXPAYER HAS ELECTED TO TRANSFER THE
19 CREDIT UNDER SUBSECTION (10).

20 (B) A CREDIT UNDER THIS SECTION SHALL BE REDUCED BY THE AMOUNT
21 OF A CREDIT RECEIVED BY THE TAXPAYER FOR THE SAME QUALIFIED
22 EXPENDITURES UNDER SECTION 47(A)(2) OF THE INTERNAL REVENUE CODE.

23 (3) TO BE ELIGIBLE FOR THE CREDIT UNDER THIS SECTION, THE
24 TAXPAYER SHALL APPLY TO AND RECEIVE CERTIFICATION FROM THE MICHIGAN
25 STATE HOUSING DEVELOPMENT AUTHORITY THAT THE HISTORIC SIGNIFICANCE,
26 THE REHABILITATION PLAN, AND THE COMPLETED REHABILITATION OF THE
27 HISTORIC RESOURCE MEET THE CRITERIA UNDER SUBSECTION (6) AND EITHER

1 OF THE FOLLOWING:

2 (A) ALL OF THE FOLLOWING CRITERIA:

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

5 (ii) BOTH THE REHABILITATION PLAN AND COMPLETED REHABILITATION
6 OF THE HISTORIC RESOURCE MEET THE FEDERAL SECRETARY OF THE
7 INTERIOR'S STANDARDS FOR REHABILITATION AND GUIDELINES FOR
8 REHABILITATING HISTORIC BUILDINGS, 36 CFR PART 67.

9 (iii) ALL REHABILITATION WORK HAS BEEN DONE TO OR WITHIN THE
10 WALLS, BOUNDARIES, OR STRUCTURES OF THE HISTORIC RESOURCE OR TO
11 HISTORIC RESOURCES LOCATED WITHIN THE PROPERTY BOUNDARIES OF THE
12 RESOURCE.

13 (B) THE TAXPAYER HAS RECEIVED CERTIFICATION FROM THE NATIONAL
14 PARK SERVICE THAT THE HISTORIC RESOURCE'S SIGNIFICANCE, THE
15 REHABILITATION PLAN, AND THE COMPLETED REHABILITATION QUALIFY FOR
16 THE CREDIT ALLOWED UNDER SECTION 47(A)(2) OF THE INTERNAL REVENUE
17 CODE.

18 (4) IF A QUALIFIED TAXPAYER IS ELIGIBLE FOR THE CREDIT ALLOWED
19 UNDER SECTION 47(A)(2) OF THE INTERNAL REVENUE CODE, THE QUALIFIED
20 TAXPAYER SHALL FILE FOR CERTIFICATION WITH THE AUTHORITY TO QUALIFY
21 FOR THE CREDIT ALLOWED UNDER SECTION 47(A)(2) OF THE INTERNAL
22 REVENUE CODE. IF THE QUALIFIED TAXPAYER HAS PREVIOUSLY FILED FOR
23 CERTIFICATION WITH THE AUTHORITY TO QUALIFY FOR THE CREDIT ALLOWED
24 UNDER SECTION 47(A)(2) OF THE INTERNAL REVENUE CODE, ADDITIONAL
25 FILING FOR THE CREDIT ALLOWED UNDER THIS SECTION IS NOT REQUIRED.

26 (5) THE AUTHORITY MAY INSPECT A HISTORIC RESOURCE AT ANY TIME
27 DURING THE REHABILITATION PROCESS AND MAY REVOKE CERTIFICATION OF

1 COMPLETED REHABILITATION IF THE REHABILITATION WAS NOT UNDERTAKEN
2 AS REPRESENTED IN THE REHABILITATION PLAN OR IF UNAPPROVED
3 ALTERATIONS TO THE COMPLETED REHABILITATION ARE MADE DURING THE 5
4 YEARS AFTER THE TAX YEAR IN WHICH THE CREDIT WAS CLAIMED. THE
5 AUTHORITY SHALL PROMPTLY NOTIFY THE DEPARTMENT OF A REVOCATION.

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

10 (A) THE RESOURCE IS 1 OF THE FOLLOWING DURING THE TAX YEAR IN
11 WHICH A CREDIT UNDER THIS SECTION IS CLAIMED FOR THOSE QUALIFIED
12 EXPENDITURES:

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

15 (ii) A CONTRIBUTING RESOURCE LOCATED WITHIN A HISTORIC
16 DISTRICT LISTED ON THE NATIONAL REGISTER OF HISTORIC PLACES OR THE
17 STATE REGISTER OF HISTORIC SITES.

18 (iii) A CONTRIBUTING RESOURCE LOCATED WITHIN A HISTORIC
19 DISTRICT DESIGNATED BY A LOCAL UNIT PURSUANT TO AN ORDINANCE
20 ADOPTED UNDER THE LOCAL HISTORIC DISTRICTS ACT, 1970 PA 169, MCL
21 399.201 TO 399.215.

22 (B) THE RESOURCE MEETS 1 OF THE FOLLOWING CRITERIA DURING THE
23 TAX YEAR IN WHICH A CREDIT UNDER THIS SECTION IS CLAIMED FOR THOSE
24 QUALIFIED EXPENDITURES:

25 (i) THE HISTORIC RESOURCE IS LOCATED IN A DESIGNATED HISTORIC
26 DISTRICT IN A LOCAL UNIT OF GOVERNMENT WITH AN EXISTING ORDINANCE
27 UNDER THE LOCAL HISTORIC DISTRICTS ACT, 1970 PA 169, MCL 399.201 TO

1 399.215.

2 (ii) THE HISTORIC RESOURCE IS LOCATED IN AN INCORPORATED LOCAL
3 UNIT OF GOVERNMENT THAT DOES NOT HAVE AN ORDINANCE UNDER THE LOCAL
4 HISTORIC DISTRICTS ACT, 1970 PA 169, MCL 399.201 TO 399.215, AND
5 HAS A POPULATION OF LESS THAN 5,000.

6 (iii) THE HISTORIC RESOURCE IS LOCATED IN AN UNINCORPORATED
7 LOCAL UNIT OF GOVERNMENT.

8 (iv) THE HISTORIC RESOURCE IS LOCATED IN AN INCORPORATED LOCAL
9 UNIT OF GOVERNMENT THAT DOES NOT HAVE AN ORDINANCE UNDER THE LOCAL
10 HISTORIC DISTRICTS ACT, 1970 PA 169, MCL 399.201 TO 399.215, AND IS
11 LOCATED WITHIN THE BOUNDARIES OF AN ASSOCIATION THAT HAS BEEN
12 CHARTERED UNDER 1889 PA 39, MCL 455.51 TO 455.72.

13 (v) THE HISTORIC RESOURCE IS SUBJECT TO A HISTORIC
14 PRESERVATION EASEMENT.

15 (7) A CREDIT AMOUNT ASSIGNED UNDER SECTION 675 MAY BE CLAIMED
16 AGAINST THE PARTNER'S, MEMBER'S, OR SHAREHOLDER'S TAX LIABILITY
17 UNDER THIS PART AS PROVIDED IN SECTION 675.

18 (8) 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 THE CREDIT AMOUNT ALLOWED IS LESS THAN
25 \$250,000.00, A QUALIFIED TAXPAYER MAY ELECT TO FORGO THE CARRYOVER
26 PERIOD AND RECEIVE A REFUND OF THE AMOUNT OF THE CREDIT THAT
27 EXCEEDS THE QUALIFIED TAXPAYER'S TAX LIABILITY. THE AMOUNT OF THE

1 REFUND SHALL BE EQUAL TO 90% OF THE AMOUNT OF THE CREDIT THAT
2 EXCEEDS THE QUALIFIED TAXPAYER'S TAX LIABILITY. AN ELECTION UNDER
3 THIS SUBSECTION SHALL BE MADE IN THE YEAR THAT A CERTIFICATE OF
4 COMPLETED REHABILITATION IS ISSUED AND SHALL BE IRREVOCABLE.

5 (9) IF A CERTIFICATE OF COMPLETED REHABILITATION IS REVOKED
6 UNDER SUBSECTION (5) OR IF THE HISTORIC RESOURCE IS SOLD OR
7 DISPOSED OF LESS THAN 5 YEARS AFTER BEING PLACED IN SERVICE AS
8 DEFINED IN SECTION 47(B)(1) OF THE INTERNAL REVENUE CODE AND
9 RELATED TREASURY REGULATIONS, THE FOLLOWING PERCENTAGE OF THE
10 CREDIT AMOUNT PREVIOUSLY CLAIMED RELATIVE TO THAT HISTORIC RESOURCE
11 SHALL BE ADDED BACK TO THE TAX LIABILITY OF THE QUALIFIED TAXPAYER
12 THAT RECEIVED THE CERTIFICATE OF COMPLETED REHABILITATION AND NOT
13 THE ASSIGNEE IN THE YEAR OF THE REVOCATION:

14 (A) IF THE REVOCATION IS LESS THAN 1 YEAR AFTER THE HISTORIC
15 RESOURCE IS PLACED IN SERVICE, 100%.

16 (B) IF THE REVOCATION IS AT LEAST 1 YEAR BUT LESS THAN 2 YEARS
17 AFTER THE HISTORIC RESOURCE IS PLACED IN SERVICE, 80%.

18 (C) IF THE REVOCATION IS AT LEAST 2 YEARS BUT LESS THAN 3
19 YEARS AFTER THE HISTORIC RESOURCE IS PLACED IN SERVICE, 60%.

20 (D) IF THE REVOCATION IS AT LEAST 3 YEARS BUT LESS THAN 4
21 YEARS AFTER THE HISTORIC RESOURCE IS PLACED IN SERVICE, 40%.

22 (E) IF THE REVOCATION IS AT LEAST 4 YEARS BUT LESS THAN 5
23 YEARS AFTER THE HISTORIC RESOURCE IS PLACED IN SERVICE, 20%.

24 (F) IF THE REVOCATION IS AT LEAST 5 YEARS OR MORE AFTER THE
25 HISTORIC RESOURCE IS PLACED IN SERVICE, AN ADDBACK TO THE QUALIFIED
26 TAXPAYER TAX LIABILITY IS NOT REQUIRED.

27 (10) A QUALIFIED TAXPAYER MAY ELECT TO FORGO CLAIMING THE

1 CREDIT AND TRANSFER THE CREDIT ALONG WITH THE OWNERSHIP OF THE
2 PROPERTY FOR WHICH THE CREDIT MAY BE CLAIMED TO A NEW OWNER. THE
3 NEW OWNER SHALL BE TREATED AS THE QUALIFIED TAXPAYER HAVING
4 INCURRED THE REHABILITATION COSTS AND SHALL BE SUBJECT TO THE
5 RECAPTURE PROVISIONS UNDER SUBSECTION (9) IF THE NEW OWNER SELLS OR
6 DISPOSES OF THE PROPERTY WITHIN 5 YEARS AFTER THE NEW OWNER
7 ACQUIRED THE PROPERTY. FOR PURPOSES OF THIS SUBSECTION AND
8 SUBSECTION (9), THE PLACED IN SERVICE DATE FOR A NEW OWNER IS THE
9 DATE THE NEW OWNER ACQUIRED THE PROPERTY FOR WHICH THE CREDIT IS
10 CLAIMED.

11 (11) THE AUTHORITY MAY IMPOSE A FEE TO COVER THE
12 ADMINISTRATIVE COST OF IMPLEMENTING THE PROGRAM UNDER THIS SECTION.

13 (12) THE QUALIFIED TAXPAYER SHALL ATTACH ALL OF THE FOLLOWING
14 TO THE QUALIFIED TAXPAYER'S ANNUAL RETURN UNDER THIS PART:

15 (A) CERTIFICATION OF COMPLETED REHABILITATION.

16 (B) CERTIFICATION OF HISTORIC SIGNIFICANCE RELATED TO THE
17 HISTORIC RESOURCE AND THE QUALIFIED EXPENDITURES USED TO CLAIM A
18 CREDIT UNDER THIS SECTION.

19 (C) A COMPLETED ASSIGNMENT FORM IF THE QUALIFIED TAXPAYER IS
20 AN ASSIGNEE UNDER SECTION 675 OF ANY PORTION OF A CREDIT ALLOWED
21 UNDER THAT SECTION.

22 (13) THE AUTHORITY MAY PROMULGATE RULES TO IMPLEMENT THIS
23 SECTION PURSUANT TO THE ADMINISTRATIVE PROCEDURES ACT OF 1969, 1969
24 PA 306, MCL 24.201 TO 24.328.

25 (14) THE TOTAL OF THE CREDITS CLAIMED UNDER THIS SECTION AND
26 SECTION 675 FOR A REHABILITATION PROJECT SHALL NOT EXCEED 25% OF
27 THE TOTAL QUALIFIED EXPENDITURES ELIGIBLE FOR THE CREDIT UNDER THIS

1 SECTION FOR THAT REHABILITATION PROJECT.

2 (15) THE AUTHORITY SHALL REPORT ALL OF THE FOLLOWING TO THE
3 LEGISLATURE ANNUALLY FOR THE IMMEDIATELY PRECEDING STATE FISCAL
4 YEAR:

5 (A) THE FEE SCHEDULE USED BY THE CENTER AND THE TOTAL AMOUNT
6 OF FEES COLLECTED.

7 (B) A DESCRIPTION OF EACH REHABILITATION PROJECT CERTIFIED.

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

10 (16) AS USED IN THIS SECTION:

11 (A) "CONTRIBUTING RESOURCE" MEANS A HISTORIC RESOURCE THAT
12 CONTRIBUTES TO THE SIGNIFICANCE OF THE HISTORIC DISTRICT IN WHICH
13 IT IS LOCATED.

14 (B) "HISTORIC DISTRICT" MEANS AN AREA, OR GROUP OF AREAS NOT
15 NECESSARILY HAVING CONTIGUOUS BOUNDARIES, THAT CONTAINS 1 RESOURCE
16 OR A GROUP OF RESOURCES THAT ARE RELATED BY HISTORY, ARCHITECTURE,
17 ARCHAEOLOGY, ENGINEERING, OR CULTURE.

18 (C) "HISTORIC RESOURCE" MEANS A PUBLICLY OR PRIVATELY OWNED
19 HISTORIC BUILDING, STRUCTURE, SITE, OBJECT, FEATURE, OR OPEN SPACE
20 LOCATED WITHIN A HISTORIC DISTRICT DESIGNATED BY THE NATIONAL
21 REGISTER OF HISTORIC PLACES, THE STATE REGISTER OF HISTORIC SITES,
22 OR A LOCAL UNIT ACTING UNDER THE LOCAL HISTORIC DISTRICTS ACT, 1970
23 PA 169, MCL 399.201 TO 399.215; OR THAT IS INDIVIDUALLY LISTED ON
24 THE STATE REGISTER OF HISTORIC SITES OR NATIONAL REGISTER OF
25 HISTORIC PLACES AND INCLUDES ALL OF THE FOLLOWING:

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

1 RESIDENCE.

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

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

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

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

14 (D) "LOCAL UNIT" MEANS A COUNTY, CITY, VILLAGE, OR TOWNSHIP.

15 (E) "LONG-TERM LEASE" MEANS A LEASE TERM OF AT LEAST 27.5
16 YEARS FOR A RESIDENTIAL RESOURCE OR AT LEAST 31.5 YEARS FOR A
17 NONRESIDENTIAL RESOURCE.

18 (F) "MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY" OR
19 "AUTHORITY" MEANS THE PUBLIC BODY CORPORATE AND POLITIC CREATED BY
20 SECTION 21 OF THE STATE HOUSING DEVELOPMENT AUTHORITY ACT OF 1966,
21 1966 PA 346, MCL 125.1421.

22 (G) "OPEN SPACE" MEANS UNDEVELOPED LAND, A NATURALLY
23 LANDSCAPED AREA, OR A FORMAL OR MAN-MADE LANDSCAPED AREA THAT
24 PROVIDES A CONNECTIVE LINK OR A BUFFER BETWEEN OTHER RESOURCES.

25 (H) "PERSON" MEANS AN INDIVIDUAL, PARTNERSHIP, CORPORATION,
26 ASSOCIATION, GOVERNMENTAL ENTITY, OR OTHER LEGAL ENTITY.

27 (I) "QUALIFIED EXPENDITURES" MEANS CAPITAL EXPENDITURES THAT

1 QUALIFY, OR WOULD QUALIFY EXCEPT THAT THE TAXPAYER ELECTED TO
2 TRANSFER THE CREDIT UNDER SUBSECTION (10), FOR A REHABILITATION
3 CREDIT UNDER SECTION 47(A)(2) OF THE INTERNAL REVENUE CODE IF THE
4 TAXPAYER IS ELIGIBLE FOR THE CREDIT UNDER SECTION 47(A)(2) OF THE
5 INTERNAL REVENUE CODE OR, IF THE TAXPAYER IS NOT ELIGIBLE FOR THE
6 CREDIT UNDER SECTION 47(A)(2) OF THE INTERNAL REVENUE CODE, THE
7 QUALIFIED EXPENDITURES THAT WOULD QUALIFY UNDER SECTION 47(A)(2) OF
8 THE INTERNAL REVENUE CODE EXCEPT THAT THE EXPENDITURES ARE MADE TO
9 A HISTORIC RESOURCE THAT IS NOT ELIGIBLE FOR THE CREDIT UNDER
10 SECTION 47(A)(2) OF THE INTERNAL REVENUE CODE, THAT WERE PAID.
11 QUALIFIED EXPENDITURES DO NOT INCLUDE CAPITAL EXPENDITURES FOR
12 NONHISTORIC ADDITIONS TO A HISTORIC RESOURCE EXCEPT AN ADDITION
13 THAT IS REQUIRED BY STATE OR FEDERAL REGULATIONS THAT RELATE TO
14 HISTORIC PRESERVATION, SAFETY, OR ACCESSIBILITY.

15 (J) "QUALIFIED TAXPAYER" MEANS A PERSON THAT IS AN ASSIGNEE
16 UNDER SECTION 675 OR EITHER OWNS THE RESOURCE TO BE REHABILITATED
17 OR HAS A LONG-TERM LEASE AGREEMENT WITH THE OWNER OF THE HISTORIC
18 RESOURCE AND THAT HAS QUALIFIED EXPENDITURES FOR THE REHABILITATION
19 OF THE HISTORIC RESOURCE EQUAL TO OR GREATER THAN 10% OF THE STATE
20 EQUALIZED VALUATION OF THE PROPERTY. IF THE HISTORIC RESOURCE TO BE
21 REHABILITATED IS A PORTION OF A HISTORIC OR NONHISTORIC RESOURCE,
22 THE STATE EQUALIZED VALUATION OF ONLY THAT PORTION OF THE PROPERTY
23 SHALL BE USED FOR PURPOSES OF THIS SUBDIVISION. IF THE ASSESSOR FOR
24 THE LOCAL TAX COLLECTING UNIT IN WHICH THE HISTORIC RESOURCE IS
25 LOCATED DETERMINES THE STATE EQUALIZED VALUATION OF THAT PORTION,
26 THAT ASSESSOR'S DETERMINATION SHALL BE USED FOR PURPOSES OF THIS
27 SUBDIVISION. IF THE ASSESSOR DOES NOT DETERMINE THAT STATE

1 EQUALIZED VALUATION OF THAT PORTION, QUALIFIED EXPENDITURES, FOR
2 PURPOSES OF THIS SUBDIVISION, SHALL BE EQUAL TO OR GREATER THAN 5%
3 OF THE APPRAISED VALUE AS DETERMINED BY A CERTIFIED APPRAISER. IF
4 THE HISTORIC RESOURCE TO BE REHABILITATED DOES NOT HAVE A STATE
5 EQUALIZED VALUATION, QUALIFIED EXPENDITURES FOR PURPOSES OF THIS
6 SUBDIVISION SHALL BE EQUAL TO OR GREATER THAN 5% OF THE APPRAISED
7 VALUE OF THE RESOURCE AS DETERMINED BY A CERTIFIED APPRAISER.

8 (K) "REHABILITATION PLAN" MEANS A PLAN FOR THE REHABILITATION
9 OF A HISTORIC RESOURCE THAT MEETS THE FEDERAL SECRETARY OF THE
10 INTERIOR'S STANDARDS FOR REHABILITATION AND GUIDELINES FOR
11 REHABILITATION OF HISTORIC BUILDINGS UNDER 36 CFR PART 67.

12 SEC. 675. (1) A QUALIFIED TAXPAYER WITH A REHABILITATION PLAN
13 CERTIFIED AFTER DECEMBER 31, 2017 MAY CREDIT AGAINST THE TAX
14 IMPOSED BY THIS PART THE AMOUNT DETERMINED PURSUANT TO SUBSECTION
15 (2) FOR THE QUALIFIED EXPENDITURES FOR THE REHABILITATION OF A
16 HISTORIC RESOURCE PURSUANT TO THE REHABILITATION PLAN IN THE YEAR
17 IN WHICH THE CERTIFICATION OF COMPLETED REHABILITATION OF THE
18 HISTORIC RESOURCE IS ISSUED. ONLY THOSE EXPENDITURES THAT ARE PAID
19 OR INCURRED DURING THE TIME PERIODS PRESCRIBED FOR THE CREDIT UNDER
20 SECTION 47(A)(2) OF THE INTERNAL REVENUE CODE AND ANY RELATED
21 TREASURY REGULATIONS SHALL BE CONSIDERED QUALIFIED EXPENDITURES.

22 (2) THE CREDIT ALLOWED UNDER THIS SUBSECTION SHALL BE 25% OF
23 THE QUALIFIED EXPENDITURES THAT ARE ELIGIBLE, OR WOULD HAVE BEEN
24 ELIGIBLE EXCEPT THAT THE TAXPAYER ENTERED INTO AN AGREEMENT UNDER
25 SUBSECTION (10), FOR THE CREDIT UNDER SECTION 47(A)(2) OF THE
26 INTERNAL REVENUE CODE IF THE TAXPAYER IS ELIGIBLE FOR THE CREDIT
27 UNDER SECTION 47(A)(2) OF THE INTERNAL REVENUE CODE OR, IF THE

1 TAXPAYER IS NOT ELIGIBLE FOR THE CREDIT UNDER SECTION 47(A)(2) OF
2 THE INTERNAL REVENUE CODE, 25% OF THE QUALIFIED EXPENDITURES THAT
3 WOULD QUALIFY UNDER SECTION 47(A)(2) OF THE INTERNAL REVENUE CODE
4 EXCEPT THAT THE EXPENDITURES ARE MADE TO A HISTORIC RESOURCE THAT
5 IS NOT ELIGIBLE FOR THE CREDIT UNDER SECTION 47(A)(2) OF THE
6 INTERNAL REVENUE CODE, SUBJECT TO BOTH OF THE FOLLOWING:

7 (A) A TAXPAYER WITH QUALIFIED EXPENDITURES THAT ARE ELIGIBLE
8 FOR THE CREDIT UNDER SECTION 47(A)(2) OF THE INTERNAL REVENUE CODE
9 MAY NOT CLAIM A CREDIT UNDER THIS SECTION FOR THOSE QUALIFIED
10 EXPENDITURES UNLESS THE TAXPAYER HAS CLAIMED AND RECEIVED A CREDIT
11 FOR THOSE QUALIFIED EXPENDITURES UNDER SECTION 47(A)(2) OF THE
12 INTERNAL REVENUE CODE OR THE TAXPAYER HAS ENTERED INTO AN AGREEMENT
13 UNDER SUBSECTION (10).

14 (B) A CREDIT UNDER THIS SUBSECTION SHALL BE REDUCED BY THE
15 AMOUNT OF A CREDIT RECEIVED BY THE TAXPAYER FOR THE SAME QUALIFIED
16 EXPENDITURES UNDER SECTION 47(A)(2) OF THE INTERNAL REVENUE CODE.

17 (3) TO BE ELIGIBLE FOR THE CREDIT UNDER SUBSECTION (2), THE
18 TAXPAYER SHALL APPLY TO AND RECEIVE CERTIFICATION FROM THE MICHIGAN
19 STATE HOUSING DEVELOPMENT AUTHORITY THAT THE HISTORIC SIGNIFICANCE,
20 THE REHABILITATION PLAN, AND THE COMPLETED REHABILITATION OF THE
21 HISTORIC RESOURCE MEET THE CRITERIA UNDER SUBSECTION (6) AND EITHER
22 OF THE FOLLOWING:

23 (A) ALL OF THE FOLLOWING CRITERIA:

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

26 (ii) BOTH THE REHABILITATION PLAN AND COMPLETED REHABILITATION
27 OF THE HISTORIC RESOURCE MEET THE FEDERAL SECRETARY OF THE

1 INTERIOR'S STANDARDS FOR REHABILITATION AND GUIDELINES FOR
2 REHABILITATING HISTORIC BUILDINGS, 36 CFR PART 67.

3 (iii) ALL REHABILITATION WORK HAS BEEN DONE TO OR WITHIN THE
4 WALLS, BOUNDARIES, OR STRUCTURES OF THE HISTORIC RESOURCE OR TO
5 HISTORIC RESOURCES LOCATED WITHIN THE PROPERTY BOUNDARIES OF THE
6 PROPERTY.

7 (B) THE TAXPAYER HAS RECEIVED CERTIFICATION FROM THE NATIONAL
8 PARK SERVICE THAT THE HISTORIC RESOURCE'S SIGNIFICANCE, THE
9 REHABILITATION PLAN, AND THE COMPLETED REHABILITATION QUALIFY FOR
10 THE CREDIT ALLOWED UNDER SECTION 47(A)(2) OF THE INTERNAL REVENUE
11 CODE.

12 (4) IF A QUALIFIED TAXPAYER IS ELIGIBLE FOR THE CREDIT ALLOWED
13 UNDER SECTION 47(A)(2) OF THE INTERNAL REVENUE CODE, THE QUALIFIED
14 TAXPAYER SHALL FILE FOR CERTIFICATION WITH THE AUTHORITY TO QUALIFY
15 FOR THE CREDIT ALLOWED UNDER SECTION 47(A)(2) OF THE INTERNAL
16 REVENUE CODE. IF THE QUALIFIED TAXPAYER HAS PREVIOUSLY FILED FOR
17 CERTIFICATION WITH THE AUTHORITY TO QUALIFY FOR THE CREDIT ALLOWED
18 UNDER SECTION 47(A)(2) OF THE INTERNAL REVENUE CODE, ADDITIONAL
19 FILING FOR THE CREDIT ALLOWED UNDER THIS SECTION IS NOT REQUIRED.

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

27 (6) QUALIFIED EXPENDITURES FOR THE REHABILITATION OF A

1 HISTORIC RESOURCE MAY BE USED TO CALCULATE THE CREDIT UNDER THIS
2 SECTION IF THE HISTORIC RESOURCE MEETS 1 OF THE CRITERIA LISTED IN
3 SUBDIVISION (A) AND 1 OF THE CRITERIA LISTED IN SUBDIVISION (B):

4 (A) THE RESOURCE IS 1 OF THE FOLLOWING DURING THE TAX YEAR IN
5 WHICH A CREDIT UNDER THIS SECTION IS CLAIMED FOR THOSE QUALIFIED
6 EXPENDITURES:

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

9 (ii) A CONTRIBUTING RESOURCE LOCATED WITHIN A HISTORIC
10 DISTRICT LISTED ON THE NATIONAL REGISTER OF HISTORIC PLACES OR THE
11 STATE REGISTER OF HISTORIC SITES.

12 (iii) A CONTRIBUTING RESOURCE LOCATED WITHIN A HISTORIC
13 DISTRICT DESIGNATED BY A LOCAL UNIT PURSUANT TO AN ORDINANCE
14 ADOPTED UNDER THE LOCAL HISTORIC DISTRICTS ACT, 1970 PA 169, MCL
15 399.201 TO 399.215.

16 (B) THE RESOURCE MEETS 1 OF THE FOLLOWING CRITERIA DURING THE
17 TAX YEAR IN WHICH A CREDIT UNDER THIS SECTION IS CLAIMED FOR THOSE
18 QUALIFIED EXPENDITURES:

19 (i) THE HISTORIC RESOURCE IS LOCATED IN A DESIGNATED HISTORIC
20 DISTRICT IN A LOCAL UNIT OF GOVERNMENT WITH AN EXISTING ORDINANCE
21 UNDER THE LOCAL HISTORIC DISTRICTS ACT, 1970 PA 169, MCL 399.201 TO
22 399.215.

23 (ii) THE HISTORIC RESOURCE IS LOCATED IN AN INCORPORATED LOCAL
24 UNIT OF GOVERNMENT THAT DOES NOT HAVE AN ORDINANCE UNDER THE LOCAL
25 HISTORIC DISTRICTS ACT, 1970 PA 169, MCL 399.201 TO 399.215, AND
26 HAS A POPULATION OF LESS THAN 5,000.

27 (iii) THE HISTORIC RESOURCE IS LOCATED IN AN UNINCORPORATED

1 LOCAL UNIT OF GOVERNMENT.

2 (iv) THE HISTORIC RESOURCE IS LOCATED IN AN INCORPORATED LOCAL
3 UNIT OF GOVERNMENT THAT DOES NOT HAVE AN ORDINANCE UNDER THE LOCAL
4 HISTORIC DISTRICTS ACT, 1970 PA 169, MCL 399.201 TO 399.215, AND IS
5 LOCATED WITHIN THE BOUNDARIES OF AN ASSOCIATION THAT HAS BEEN
6 CHARTERED UNDER 1889 PA 39, MCL 455.51 TO 455.72.

7 (v) THE HISTORIC RESOURCE IS SUBJECT TO A HISTORIC
8 PRESERVATION EASEMENT.

9 (7) A QUALIFIED TAXPAYER MAY ASSIGN ALL OR ANY PORTION OF THE
10 CREDIT ALLOWED UNDER THIS SECTION. A CREDIT ASSIGNMENT UNDER THIS
11 SUBSECTION IS IRREVOCABLE AND SHALL BE MADE IN THE TAX YEAR IN
12 WHICH A CERTIFICATE OF COMPLETED REHABILITATION IS ISSUED. A
13 QUALIFIED TAXPAYER MAY CLAIM A PORTION OF A CREDIT AND ASSIGN THE
14 REMAINING AMOUNT. IF THE QUALIFIED TAXPAYER BOTH CLAIMS AND ASSIGNS
15 PORTIONS OF THE CREDIT, THE QUALIFIED TAXPAYER SHALL CLAIM THE
16 PORTION IT CLAIMS IN THE TAX YEAR IN WHICH A CERTIFICATE OF
17 COMPLETED REHABILITATION IS ISSUED PURSUANT TO THIS SECTION. AN
18 ASSIGNEE MAY SUBSEQUENTLY ASSIGN THE CREDIT OR ANY PORTION OF THE
19 CREDIT ASSIGNED UNDER THIS SUBSECTION TO 1 OR MORE ASSIGNEES. AN
20 ASSIGNMENT OR SUBSEQUENT REASSIGNMENT OF A CREDIT CAN BE MADE IN
21 THE YEAR THE CERTIFICATE OF COMPLETED REHABILITATION IS ISSUED. A
22 CREDIT ASSIGNMENT OR SUBSEQUENT REASSIGNMENT UNDER THIS SECTION
23 SHALL BE MADE ON A FORM PRESCRIBED BY THE DEPARTMENT. THE
24 DEPARTMENT OR ITS DESIGNEE SHALL REVIEW AND ISSUE A COMPLETED
25 ASSIGNMENT OR REASSIGNMENT CERTIFICATE TO THE ASSIGNEE OR
26 REASSIGNEE. A CREDIT AMOUNT ASSIGNED UNDER THIS SUBSECTION MAY BE
27 CLAIMED AGAINST THE ASSIGNEES' TAX UNDER THIS PART OR PART 1. AN

1 ASSIGNEE OR SUBSEQUENT REASSIGNEE SHALL ATTACH A COPY OF THE
2 COMPLETED ASSIGNMENT CERTIFICATE TO THE ANNUAL RETURN REQUIRED TO
3 BE FILED UNDER THIS PART FOR THE TAX YEAR IN WHICH THE ASSIGNMENT
4 OR REASSIGNMENT IS MADE AND THE ASSIGNEE OR REASSIGNEE FIRST CLAIMS
5 THE CREDIT, WHICH SHALL BE THE SAME TAX YEAR.

6 (8) IF THE CREDIT ALLOWED UNDER THIS SECTION FOR THE TAX YEAR
7 AND ANY UNUSED CARRYFORWARD OF THE CREDIT ALLOWED BY THIS SECTION
8 EXCEED THE TAXPAYER'S TAX LIABILITY FOR THE TAX YEAR, THAT PORTION
9 THAT EXCEEDS THE TAX LIABILITY FOR THE TAX YEAR SHALL NOT BE
10 REFUNDED BUT MAY BE CARRIED FORWARD TO OFFSET TAX LIABILITY IN
11 SUBSEQUENT TAX YEARS FOR 10 YEARS OR UNTIL USED UP, WHICHEVER
12 OCCURS FIRST. IF A QUALIFIED TAXPAYER HAS AN UNUSED CARRYFORWARD OF
13 A CREDIT UNDER THIS SECTION, THE AMOUNT OTHERWISE ADDED UNDER
14 SUBSECTION (9) TO THE QUALIFIED TAXPAYER'S TAX LIABILITY MAY
15 INSTEAD BE USED TO REDUCE THE QUALIFIED TAXPAYER'S CARRYFORWARD
16 UNDER THIS SECTION. IF THE CREDIT AMOUNT ALLOWED IS LESS THAN
17 \$250,000.00, A QUALIFIED TAXPAYER MAY ELECT TO FORGO THE CARRYOVER
18 PERIOD AND RECEIVE A REFUND OF THE AMOUNT OF THE CREDIT THAT
19 EXCEEDS THE QUALIFIED TAXPAYER'S TAX LIABILITY. THE AMOUNT OF THE
20 REFUND SHALL BE EQUAL TO 90% OF THE AMOUNT OF THE CREDIT THAT
21 EXCEEDS THE QUALIFIED TAXPAYER'S TAX LIABILITY. AN ELECTION UNDER
22 THIS SUBSECTION SHALL BE MADE IN THE YEAR THAT A CERTIFICATE OF
23 COMPLETED REHABILITATION IS ISSUED AND SHALL BE IRREVOCABLE.

24 (9) EXCEPT AS OTHERWISE PROVIDED UNDER SUBSECTION (10), IF A
25 CERTIFICATE OF COMPLETED REHABILITATION IS REVOKED UNDER SUBSECTION
26 (5) OR A HISTORIC RESOURCE IS SOLD OR DISPOSED OF LESS THAN 5 YEARS
27 AFTER THE HISTORIC RESOURCE IS PLACED IN SERVICE AS DEFINED IN

1 SECTION 47(B) (1) OF THE INTERNAL REVENUE CODE AND RELATED TREASURY
2 REGULATIONS, THE FOLLOWING PERCENTAGE OF THE CREDIT AMOUNT
3 PREVIOUSLY CLAIMED RELATIVE TO THAT HISTORIC RESOURCE SHALL BE
4 ADDED BACK TO THE TAX LIABILITY OF THE QUALIFIED TAXPAYER THAT
5 RECEIVED THE CERTIFICATE OF COMPLETED REHABILITATION AND NOT THE
6 ASSIGNEE IN THE YEAR OF THE REVOCATION:

7 (A) IF THE REVOCATION IS LESS THAN 1 YEAR AFTER THE HISTORIC
8 RESOURCE IS PLACED IN SERVICE, 100%.

9 (B) IF THE REVOCATION IS AT LEAST 1 YEAR BUT LESS THAN 2 YEARS
10 AFTER THE HISTORIC RESOURCE IS PLACED IN SERVICE, 80%.

11 (C) IF THE REVOCATION IS AT LEAST 2 YEARS BUT LESS THAN 3
12 YEARS AFTER THE HISTORIC RESOURCE IS PLACED IN SERVICE, 60%.

13 (D) IF THE REVOCATION IS AT LEAST 3 YEARS BUT LESS THAN 4
14 YEARS AFTER THE HISTORIC RESOURCE IS PLACED IN SERVICE, 40%.

15 (E) IF THE REVOCATION IS AT LEAST 4 YEARS BUT LESS THAN 5
16 YEARS AFTER THE HISTORIC RESOURCE IS PLACED IN SERVICE, 20%.

17 (F) IF THE REVOCATION IS AT LEAST 5 YEARS OR MORE AFTER THE
18 HISTORIC RESOURCE IS PLACED IN SERVICE, AN ADDBACK TO THE QUALIFIED
19 TAXPAYER TAX LIABILITY IS NOT REQUIRED.

20 (10) SUBSECTION (9) SHALL NOT APPLY IF THE QUALIFIED TAXPAYER
21 ENTERS INTO A WRITTEN AGREEMENT WITH THE AUTHORITY THAT WILL ALLOW
22 FOR THE TRANSFER OR SALE OF THE HISTORIC RESOURCE AND PROVIDES THE
23 FOLLOWING:

24 (A) REASONABLE ASSURANCE THAT SUBSEQUENT TO THE TRANSFER THE
25 PROPERTY WILL REMAIN A HISTORIC RESOURCE DURING THE 5-YEAR PERIOD
26 AFTER THE HISTORIC RESOURCE IS PLACED IN SERVICE.

27 (B) A METHOD THAT THE DEPARTMENT CAN RECOVER AN AMOUNT FROM

1 THE TAXPAYER EQUAL TO THE APPROPRIATE PERCENTAGE OF CREDIT ADDED
2 BACK AS DESCRIBED UNDER SUBSECTION (9).

3 (C) AN ENCUMBRANCE ON THE TITLE TO THE HISTORIC RESOURCE BEING
4 SOLD OR TRANSFERRED, STATING THAT THE PROPERTY MUST REMAIN A
5 HISTORIC RESOURCE THROUGHOUT THE 5-YEAR PERIOD AFTER THE HISTORIC
6 RESOURCE IS PLACED IN SERVICE.

7 (D) A PROVISION FOR THE PAYMENT BY THE TAXPAYER OF ALL LEGAL
8 AND PROFESSIONAL FEES ASSOCIATED WITH THE DRAFTING, REVIEW, AND
9 RECORDING OF THE WRITTEN AGREEMENT REQUIRED UNDER THIS SUBSECTION.

10 (11) THE AUTHORITY MAY IMPOSE A FEE TO COVER THE
11 ADMINISTRATIVE COST OF IMPLEMENTING THE PROGRAM UNDER THIS SECTION.

12 (12) THE QUALIFIED TAXPAYER SHALL ATTACH ALL OF THE FOLLOWING
13 TO THE QUALIFIED TAXPAYER'S ANNUAL RETURN REQUIRED UNDER THIS PART,
14 IF APPLICABLE, ON WHICH THE CREDIT IS CLAIMED:

15 (A) CERTIFICATION OF COMPLETED REHABILITATION.

16 (B) CERTIFICATION OF HISTORIC SIGNIFICANCE RELATED TO THE
17 HISTORIC RESOURCE AND THE QUALIFIED EXPENDITURES USED TO CLAIM A
18 CREDIT UNDER THIS SECTION.

19 (C) A COMPLETED ASSIGNMENT FORM IF THE QUALIFIED TAXPAYER OR
20 ASSIGNEE HAS ASSIGNED ANY PORTION OF A CREDIT ALLOWED UNDER THIS
21 SECTION OR IF THE TAXPAYER IS AN ASSIGNEE OF ANY PORTION OF A
22 CREDIT ALLOWED UNDER THIS SECTION.

23 (13) THE AUTHORITY MAY PROMULGATE RULES TO IMPLEMENT THIS
24 SECTION PURSUANT TO THE ADMINISTRATIVE PROCEDURES ACT OF 1969, 1969
25 PA 306, MCL 24.201 TO 24.328.

26 (14) THE TOTAL OF THE CREDITS CLAIMED UNDER SUBSECTION (2) AND
27 SECTION 266A FOR A REHABILITATION PROJECT SHALL NOT EXCEED 25% OF

1 THE TOTAL QUALIFIED EXPENDITURES ELIGIBLE FOR THE CREDIT UNDER
2 SUBSECTION (2) FOR THAT REHABILITATION PROJECT.

3 (15) THE AUTHORITY SHALL REPORT ALL OF THE FOLLOWING TO THE
4 LEGISLATURE ANNUALLY FOR THE IMMEDIATELY PRECEDING STATE FISCAL
5 YEAR:

6 (A) THE FEE SCHEDULE USED BY THE AUTHORITY AND THE TOTAL
7 AMOUNT OF FEES COLLECTED.

8 (B) A DESCRIPTION OF EACH REHABILITATION PROJECT CERTIFIED.

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

11 (16) AS USED IN THIS SECTION:

12 (A) "CONTRIBUTING RESOURCE" MEANS A HISTORIC RESOURCE THAT
13 CONTRIBUTES TO THE SIGNIFICANCE OF THE HISTORIC DISTRICT IN WHICH
14 IT IS LOCATED.

15 (B) "HISTORIC DISTRICT" MEANS AN AREA, OR GROUP OF AREAS NOT
16 NECESSARILY HAVING CONTIGUOUS BOUNDARIES, THAT CONTAINS 1 RESOURCE
17 OR A GROUP OF RESOURCES THAT ARE RELATED BY HISTORY, ARCHITECTURE,
18 ARCHAEOLOGY, ENGINEERING, OR CULTURE.

19 (C) "HISTORIC RESOURCE" MEANS A PUBLICLY OR PRIVATELY OWNED
20 HISTORIC BUILDING, STRUCTURE, SITE, OBJECT, FEATURE, OR OPEN SPACE
21 LOCATED WITHIN A HISTORIC DISTRICT DESIGNATED BY THE NATIONAL
22 REGISTER OF HISTORIC PLACES, THE STATE REGISTER OF HISTORIC SITES,
23 OR A LOCAL UNIT ACTING UNDER THE LOCAL HISTORIC DISTRICTS ACT, 1970
24 PA 169, MCL 399.201 TO 399.215, OR THAT IS INDIVIDUALLY LISTED ON
25 THE STATE REGISTER OF HISTORIC SITES OR NATIONAL REGISTER OF
26 HISTORIC PLACES, AND INCLUDES ALL OF THE FOLLOWING:

27 (i) AN OWNER-OCCUPIED PERSONAL RESIDENCE OR A HISTORIC

1 RESOURCE LOCATED WITHIN THE PROPERTY BOUNDARIES OF THAT PERSONAL
2 RESIDENCE.

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

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

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

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

15 (D) "LOCAL UNIT" MEANS A COUNTY, CITY, VILLAGE, OR TOWNSHIP.

16 (E) "LONG-TERM LEASE" MEANS A LEASE TERM OF AT LEAST 27.5
17 YEARS FOR A RESIDENTIAL RESOURCE OR AT LEAST 31.5 YEARS FOR A
18 NONRESIDENTIAL RESOURCE.

19 (F) "MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY" OR
20 "AUTHORITY" MEANS THE PUBLIC BODY CORPORATE AND POLITIC CREATED BY
21 SECTION 21 OF THE STATE HOUSING DEVELOPMENT AUTHORITY ACT OF 1966,
22 1966 PA 346, MCL 125.1421.

23 (G) "OPEN SPACE" MEANS UNDEVELOPED LAND, A NATURALLY
24 LANDSCAPED AREA, OR A FORMAL OR MAN-MADE LANDSCAPED AREA THAT
25 PROVIDES A CONNECTIVE LINK OR A BUFFER BETWEEN OTHER RESOURCES.

26 (H) "PERSON" MEANS AN INDIVIDUAL, PARTNERSHIP, CORPORATION,
27 ASSOCIATION, GOVERNMENTAL ENTITY, OR OTHER LEGAL ENTITY.

1 (I) "QUALIFIED EXPENDITURES" MEANS CAPITAL EXPENDITURES THAT
2 QUALIFY, OR WOULD QUALIFY EXCEPT THAT THE TAXPAYER ENTERED INTO AN
3 AGREEMENT UNDER SUBSECTION (10), FOR A REHABILITATION CREDIT UNDER
4 SECTION 47(A)(2) OF THE INTERNAL REVENUE CODE IF THE TAXPAYER IS
5 ELIGIBLE FOR THE CREDIT UNDER SECTION 47(A)(2) OF THE INTERNAL
6 REVENUE CODE OR, IF THE TAXPAYER IS NOT ELIGIBLE FOR THE CREDIT
7 UNDER SECTION 47(A)(2) OF THE INTERNAL REVENUE CODE, THE QUALIFIED
8 EXPENDITURES THAT WOULD QUALIFY UNDER SECTION 47(A)(2) OF THE
9 INTERNAL REVENUE CODE EXCEPT THAT THE EXPENDITURES ARE MADE TO A
10 HISTORIC RESOURCE THAT IS NOT ELIGIBLE FOR THE CREDIT UNDER SECTION
11 47(A)(2) OF THE INTERNAL REVENUE CODE THAT WERE PAID. QUALIFIED
12 EXPENDITURES DO NOT INCLUDE CAPITAL EXPENDITURES FOR NONHISTORIC
13 ADDITIONS TO A HISTORIC RESOURCE EXCEPT AN ADDITION THAT IS
14 REQUIRED BY STATE OR FEDERAL REGULATIONS THAT RELATE TO HISTORIC
15 PRESERVATION, SAFETY, OR ACCESSIBILITY.

16 (J) "QUALIFIED TAXPAYER" MEANS A PERSON THAT EITHER OWNS THE
17 RESOURCE TO BE REHABILITATED OR HAS A LONG-TERM LEASE AGREEMENT
18 WITH THE OWNER OF THE HISTORIC RESOURCE AND THAT HAS QUALIFIED
19 EXPENDITURES FOR THE REHABILITATION OF THE HISTORIC RESOURCE EQUAL
20 TO OR GREATER THAN 10% OF THE STATE EQUALIZED VALUATION OF THE
21 PROPERTY. IF THE HISTORIC RESOURCE TO BE REHABILITATED IS A PORTION
22 OF A HISTORIC OR NONHISTORIC RESOURCE, THE STATE EQUALIZED
23 VALUATION OF ONLY THAT PORTION OF THE PROPERTY SHALL BE USED FOR
24 PURPOSES OF THIS SUBDIVISION. IF THE ASSESSOR FOR THE LOCAL TAX
25 COLLECTING UNIT IN WHICH THE HISTORIC RESOURCE IS LOCATED
26 DETERMINES THE STATE EQUALIZED VALUATION OF THAT PORTION, THAT
27 ASSESSOR'S DETERMINATION SHALL BE USED FOR PURPOSES OF THIS

1 SUBDIVISION. IF THE ASSESSOR DOES NOT DETERMINE THAT STATE
2 EQUALIZED VALUATION OF THAT PORTION, QUALIFIED EXPENDITURES, FOR
3 PURPOSES OF THIS SUBDIVISION, SHALL BE EQUAL TO OR GREATER THAN 5%
4 OF THE APPRAISED VALUE AS DETERMINED BY A CERTIFIED APPRAISER. IF
5 THE HISTORIC RESOURCE TO BE REHABILITATED DOES NOT HAVE A STATE
6 EQUALIZED VALUATION, QUALIFIED EXPENDITURES FOR PURPOSES OF THIS
7 SUBDIVISION SHALL BE EQUAL TO OR GREATER THAN 5% OF THE APPRAISED
8 VALUE OF THE RESOURCE AS DETERMINED BY A CERTIFIED APPRAISER.

9 (K) "REHABILITATION PLAN" MEANS A PLAN FOR THE REHABILITATION
10 OF A HISTORIC RESOURCE THAT MEETS THE FEDERAL SECRETARY OF THE
11 INTERIOR'S STANDARDS FOR REHABILITATION AND GUIDELINES FOR
12 REHABILITATION OF HISTORIC BUILDINGS UNDER 36 CFR PART 67.