

HOUSE BILL NO. 5430

February 07, 2024, Introduced by Reps. Andrews, Arbit, Byrnes, McKinney, Paiz, Hood, Brabec, Haadsma, Tsernoglou, Rheingans, Wilson, Scott, Hoskins, Skaggs and Churches and referred to the Committee on Tax Policy.

A bill to amend 1967 PA 281, entitled "Income tax act of 1967," by amending sections 266a and 676 (MCL 206.266a and 206.676), as added by 2020 PA 343.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 266a. (1) Subject to the limitations under this section,
2 a qualified taxpayer with a certificate of completed rehabilitation
3 issued pursuant to subsection ~~(4)~~ **(8)** after December 31, 2020 ~~and~~
4 ~~before January 1, 2031~~ may credit against the tax imposed by this
5 part the amount determined pursuant to subsection (2) for the

1 qualified expenditures for the rehabilitation of a historic
 2 resource pursuant to the rehabilitation plan in the year in which
 3 the certificate of completed rehabilitation of the historic
 4 resource is issued. The qualified taxpayer shall initially claim a
 5 credit under this section within 5 years after the certificate of
 6 completed rehabilitation is issued pursuant to subsection ~~(4)~~. **(8)**.
 7 If the credit is not initially claimed within 5 years after the
 8 certificate is issued, the certificate is no longer valid and the
 9 qualified taxpayer is no longer eligible to claim a credit under
 10 this section for that rehabilitation plan. Only those expenditures
 11 that are paid or incurred during the time periods prescribed for
 12 the credit under section ~~47(a)(2)~~ **47** of the internal revenue code
 13 and any related treasury regulations shall be considered qualified
 14 expenditures.

15 (2) Subject to the limitations under this section, a qualified
 16 taxpayer ~~that has claimed and received a credit for qualified~~
 17 ~~expenditures under section 47(a)(2) of the internal revenue code or~~
 18 ~~has entered into an agreement under subsection (10)~~ may claim a
 19 credit under this section equal to **the following under the**
 20 **following circumstances:**

21 (a) **For a qualified taxpayer that has claimed and received a**
 22 **credit for qualified expenditures under section 47 of the internal**
 23 **revenue code or has entered into an agreement under subsection (14)**
 24 **as follows:**

25 (i) **For a large nonresidential historic resource or a medium**
 26 **nonresidential historic resource**, 25% of the qualified expenditures
 27 that are eligible, or would have been eligible except that the
 28 qualified taxpayer entered into an agreement under subsection ~~(10)~~,
 29 **(14)**, for the credit under section ~~47(a)(2)~~ **47** of the internal

1 revenue code. ~~or, if the~~

2 **(ii) For a small nonresidential historic resource or a**
 3 **residential historic resource, 30% of the qualified expenditures**
 4 **that are eligible, or would have been eligible except that the**
 5 **qualified taxpayer entered into an agreement under subsection (14),**
 6 **for the credit under section 47 of the internal revenue code.**

7 **(b) For a qualified taxpayer that is not eligible for the**
 8 **credit under section ~~47(a)(2)-47~~ of the internal revenue code ~~as~~**
 9 **follows:**

10 **(i) For a large nonresidential historic resource or a medium**
 11 **nonresidential historic resource, 25% of the qualified expenditures**
 12 **that would qualify under section ~~47(a)(2)-47~~ of the internal**
 13 **revenue code except that the expenditures are made to a historic**
 14 **resource that is not eligible for the credit under section ~~47(a)(2)-~~**
 15 **47 of the internal revenue code.**

16 **(ii) For a small nonresidential historic resource or a**
 17 **residential historic resource, 30% of the qualified expenditures**
 18 **that would qualify under section 47 of the internal revenue code**
 19 **except that the expenditures are made to a historic resource that**
 20 **is not eligible for the credit under section 47 of the internal**
 21 **revenue code.**

22 **(3) To be eligible for the credit under this section, a person**
 23 **shall submit an application and a rehabilitation plan to the state**
 24 **historic preservation office. Completed applications must be**
 25 **considered in the order in which the office received the completed**
 26 **applications. ~~and Notwithstanding any rule to the contrary,~~**
 27 **completed part 1 and part 3 applications must be approved or denied**
 28 **within ~~120-30~~ days of receipt of the completed applications and**
 29 **completed part 2 applications must be approved or denied within 60**

1 **days of receipt of the completed applications.** If the office
 2 determines that the application is complete and the rehabilitation
 3 plan meets the criteria for a credit under this section, the office
 4 shall issue a preapproval letter to the applicant that states that
 5 the rehabilitation plan qualifies for the credit under this section
 6 and the maximum total amount of the credit reserved for which a
 7 credit may be claimed when the project is complete and a
 8 certificate of completed rehabilitation is issued for qualified
 9 expenditures pursuant to that rehabilitation plan. If an
 10 application is denied under this subsection, the applicant may file
 11 an appeal in a form and manner as prescribed by the office or
 12 subsequently reapply for the same rehabilitation plan or for
 13 another rehabilitation plan, or both.

14 (4) Subject to the limitations under this section, the total
 15 of all credits reserved under preapproval letters for
 16 rehabilitation plans approved under this section and section 676
 17 shall not exceed \$5,000,000.00 per calendar year **through December**
 18 **31, 2023 and shall be utilized as follows: ~~—To~~**

19 (a) To the extent the office receives applications for the
 20 rehabilitation of small nonresidential historic resources for
 21 credits in excess of \$2,000,000.00, not less than \$2,000,000.00 of
 22 the \$5,000,000.00 each calendar year shall be approved for small
 23 nonresidential historic resources.

24 (b) To the extent the office receives applications for the
 25 rehabilitation of large nonresidential historic resources for
 26 credits in excess of \$2,000,000.00, not less than \$2,000,000.00 of
 27 the \$5,000,000.00 each calendar year shall be approved for large
 28 nonresidential historic resources.

29 (c) To the extent the office receives applications for the

1 rehabilitation of residential historic resources for credits in
2 excess of \$1,000,000.00, not less than \$1,000,000.00 of the
3 \$5,000,000.00 each calendar year shall be approved for residential
4 historic resources.

5 (5) Subject to the limitations under this section, beginning
6 with the 2024 calendar year, the total of all credits reserved
7 under preapproval letters for rehabilitation plans approved under
8 this section and section 676 shall not exceed \$100,000,000.00 per
9 calendar year and shall be utilized as follows:

10 (a) To the extent the office receives applications for the
11 rehabilitation of large nonresidential historic resources for
12 credits in excess of \$70,000,000.00, not less than \$70,000,000.00
13 of the \$100,000,000.00 each calendar year shall be approved for
14 large nonresidential historic resources.

15 (b) To the extent the office receives applications for the
16 rehabilitation of medium nonresidential historic resources for
17 credits in excess of \$20,000,000.00, not less than \$20,000,000.00
18 of the \$100,000,000.00 each calendar year shall be approved for
19 medium nonresidential historic resources.

20 (c) To the extent the office receives applications for the
21 rehabilitation of small nonresidential historic resources for
22 credits in excess of \$5,000,000.00, not less than \$5,000,000.00 of
23 the \$100,000,000.00 each calendar year shall be approved for small
24 nonresidential historic resources.

25 (d) To the extent the office receives applications for the
26 rehabilitation of residential historic resources for credits in
27 excess of \$5,000,000.00, not less than \$5,000,000.00 of the
28 \$100,000,000.00 each calendar year shall be approved for
29 residential historic resources.

1 (6) The office shall not issue a preapproval letter or
2 certificate of completed rehabilitation that authorizes a qualified
3 taxpayer to claim a credit of more than \$2,000,000.00 in a single
4 tax year **through the 2023 tax year** for the same historic resource.
5 **Beginning with the 2024 tax year, the office shall not issue a**
6 **preapproval letter or certificate of completed rehabilitation that**
7 **authorizes a qualified taxpayer to claim a credit of more than the**
8 **following in a single tax year for the same historic resource under**
9 **the following categories:**

10 (a) For a large nonresidential historic resource,
11 \$10,000,000.00.

12 (b) For a medium nonresidential historic resource,
13 \$2,500,000.00.

14 (c) For a small nonresidential historic resource, \$300,000.00.

15 (7) If, for any calendar year, the office issues preapproval
16 letters and reserves the maximum amount of tax credits allowed
17 under this section for that calendar year, the office shall notify
18 all applicants who have submitted completed applications and
19 rehabilitation plans then awaiting approval or submitted for
20 approval after the calculation is made that no additional
21 preapproval letters for rehabilitation plans will be issued during
22 that calendar year. The office shall also notify those applicants
23 of the priority number given to the applicant's application and
24 rehabilitation plan awaiting approval. The applications and plans
25 will remain in priority status for 2 years from the date of the
26 original application and plan and will be considered for approval
27 and reservation of tax credits in the priority order established in
28 this subsection in the event that additional credits become
29 available resulting from the rescission of approvals, ~~under this~~

1 ~~subsection or subsection (5)~~ or from any unused, recaptured,
2 unclaimed, or returned credits during the calendar year and at the
3 beginning of the next calendar year. To the extent possible, the
4 reallocation of any unused, recaptured, unclaimed, or returned
5 credits during the calendar year must be awarded to applicants
6 within the same type of historic resource category. However, any
7 remaining credits on December 1 of each year may be utilized for
8 any approved application, including a request for an additional
9 credit under subsection (8). An applicant that has received a
10 preapproval letter shall commence rehabilitation, if it has not
11 previously begun, within 1 year after the issuance of the
12 preapproval letter and complete the rehabilitation plan within 8
13 years after the issuance of the preapproval letter or the office
14 will rescind the preapproval letter and reallocate the amount of
15 the credit reserved for that rehabilitation plan. Upon completion
16 of a rehabilitation plan for which a preapproval letter was issued,
17 the applicant shall submit to the office documentation that the
18 rehabilitation is complete and the completed rehabilitation of the
19 historic resource meets the criteria under subsection ~~(6)~~ (10) and
20 either of the following:

21 (a) All of the following criteria:

22 (i) The historic resource contributes to the significance of
23 the historic district in which it is located or is individually
24 listed on the National Register of Historic Places or state
25 register of historic sites.

26 (ii) Both the rehabilitation plan and completed rehabilitation
27 of the historic resource meet the federal ~~secretary~~ **Secretary** of
28 the ~~interior's~~ **Interior's** standards for rehabilitation and
29 guidelines for rehabilitating historic buildings, 36 CFR part 67.

1 (iii) All rehabilitation work has been done to or within the
2 walls, boundaries, or structures of the historic resource or to
3 historic resources located within the property boundaries of the
4 resource.

5 (b) The applicant has received certification from the ~~national~~
6 ~~park service~~ **National Park Service** that the historic resource's
7 significance, the rehabilitation plan, and the completed
8 rehabilitation qualify for the credit allowed under section
9 ~~47(a)(2)-47~~ of the internal revenue code.

10 **(8)** ~~(4)~~—The office shall verify that the rehabilitation is
11 complete and meets the criteria under subsection (3). However, if
12 the applicant is eligible for the credit allowed under section
13 ~~47(a)(2)-47~~ of the internal revenue code, additional documentation
14 that the rehabilitation is complete for the credit allowed under
15 this section is not required. ~~Within 120~~ **Notwithstanding R 206.208**
16 **of the Michigan Administrative Code, 30** days after receiving
17 verification, in a form and manner as prescribed by the office,
18 that the rehabilitation is complete and meets the requirements of
19 subsection (3), the office shall issue a certificate of completed
20 rehabilitation to the applicant that states the rehabilitation plan
21 submitted by the applicant has been completed, the amount of
22 qualified expenditures, and the total amount of the credit allowed
23 to be claimed by a qualified taxpayer under this section. If the
24 amount of qualified expenditures incurred exceeds the amount of the
25 tax credits reserved by the preapproval letter issued under
26 subsection (3), the applicant may submit a request to the office,
27 in a form and manner as prescribed by the office, for the issuance
28 and approval of a certificate of completed rehabilitation in excess
29 of the amount initially authorized in the preapproval letter. **The**

1 request for an additional credit in excess of the amount initially
2 authorized in the preapproval letter under this subsection is a
3 request for a new credit and must be given a priority number based
4 on the date of the request for consideration if additional credits
5 are available. If the office determines that less than
6 ~~\$5,000,000.00~~ the maximum amount of the credits allowed under
7 subsection (4) or (5), whichever is applicable, has been reserved
8 under preapproval letters issued for the calendar year, after
9 priority has been given to those notified under subsection ~~(3)~~,
10 (7), then the office may issue a certificate of completed
11 rehabilitation in excess of the amount included in the preapproval
12 letter.

13 (9) ~~(5)~~—The office may inspect a historic resource at any time
14 during the rehabilitation process and may revoke the preapproval
15 letter or the certificate of completed rehabilitation if the
16 rehabilitation was not undertaken as represented in the
17 rehabilitation plan or if unapproved alterations to the completed
18 rehabilitation are made within 5 years after the tax year in which
19 the certificate of completed rehabilitation was issued. The office
20 shall promptly notify the department of a revocation.

21 (10) ~~(6)~~—Qualified expenditures for the rehabilitation of a
22 historic resource may be used to calculate the credit under this
23 section if the historic resource is 1 of the following during the
24 tax year in which a credit under this section is claimed for those
25 qualified expenditures:

26 (a) Individually listed on the National Register of Historic
27 Places or state register of historic sites.

28 (b) A contributing resource located within a historic district
29 listed on the National Register of Historic Places or the state

1 register of historic sites.

2 (c) A contributing resource located within a historic district
3 designated by a local unit pursuant to an ordinance adopted under
4 the local historic districts act, 1970 PA 169, MCL 399.201 to
5 399.215.

6 (d) If a determination of eligibility for listing in the
7 National Register of Historic Places has been issued by the office
8 for the historic resource and that historic resource is 1 of the
9 following:

10 (i) Located in an incorporated local unit of government that
11 does not have an ordinance under the local historic districts act,
12 1970 PA 169, MCL 399.201 to 399.215, and has a population of less
13 than 5,000.

14 (ii) Located in an unincorporated local unit of government.

15 (iii) Located in an incorporated local unit of government that
16 does not have an ordinance under the local historic districts act,
17 1970 PA 169, MCL 399.201 to 399.215, and is located within the
18 boundaries of an association that has been chartered under 1889 PA
19 39, MCL 455.51 to 455.72.

20 (iv) Subject to a historic preservation easement that is held
21 by a historic preservation or history organization that accepts
22 easements for the purpose of holding the easement in perpetuity and
23 assuring the easement is maintained in accordance with the federal
24 Secretary of the Interior's standards for rehabilitation and
25 guidelines for rehabilitation of historic buildings under 36 CFR
26 part 67.

27 (11) ~~(7)~~—A person that has been issued a certificate of
28 completed rehabilitation under subsection ~~(4)~~—(8) may **monetize that**
29 **credit and** assign all or any portion of the credit allowed under

1 this section. A credit assignment under this subsection is
2 irrevocable and shall be made in the tax year in which a
3 certificate of completed rehabilitation is issued. A qualified
4 taxpayer may claim a portion of a credit and assign the remaining
5 amount. If the qualified taxpayer both claims and assigns portions
6 of the credit, the qualified taxpayer shall claim the portion it
7 claims in the tax year in which a certificate of completed
8 rehabilitation is issued pursuant to this section. Except as
9 otherwise provided under this subsection, an assignee may **monetize**
10 **that credit and** subsequently assign the credit or any portion of
11 the credit assigned under this subsection to 1 or more assignees.
12 An assignment or subsequent reassignment of a credit shall be made
13 in the year the certificate of completed rehabilitation is issued.
14 A credit assignment or subsequent reassignment under this section
15 shall be made on a form prescribed by the ~~office.~~**department.** The
16 ~~office~~**department** shall review and issue a completed assignment or
17 reassignment certificate to the assignee or reassignee. A credit
18 amount assigned under this subsection may be claimed against the
19 assignee's **or subsequent reassignee's** tax liability under this part
20 or part 2. A credit amount authorized, ~~or~~assigned, **or reassigned**
21 to a partnership, limited liability company, or subchapter S
22 corporation under this section or section 676 may be claimed
23 against the partner's, member's, or shareholder's tax liability
24 under this part based on the partner's, member's, or shareholder's
25 proportionate share of ownership or an alternative method approved
26 by the office. An assignee or subsequent reassignee shall attach a
27 copy of the completed assignment certificate to the annual return
28 required to be filed under this part for the tax year in which the
29 assignment or reassignment is made and the assignee or reassignee

1 first claims the credit, which shall be the same tax year.

2 **(12)** ~~(8)~~—If the credit allowed under this section for the tax
3 year and any unused carryforward of the credit allowed by this
4 section exceed the qualified taxpayer's tax liability for the tax
5 year, that portion that exceeds the tax liability for the tax year
6 shall not be refunded but may be carried forward to offset tax
7 liability in subsequent tax years for 10 years or until used up,
8 whichever occurs first. If a qualified taxpayer has an unused
9 carryforward of a credit under this section, the amount otherwise
10 added under subsection ~~(9)~~ **(13)** to the qualified taxpayer's tax
11 liability may instead be used to reduce the qualified taxpayer's
12 carryforward under this section. **For projects for which a**
13 **certificate of completed rehabilitation is issued for a tax year**
14 **beginning after December 31, 2023 and for which the credit amount**
15 **allowed is less than \$500,000.00, a qualified taxpayer may elect to**
16 **forgo the carryover period and receive a refund of the amount of**
17 **the credit that exceeds the qualified taxpayer's tax liability. The**
18 **amount of the refund shall be equal to 90% of the amount of the**
19 **credit that exceeds the qualified taxpayer's tax liability. An**
20 **election under this subsection must be made in the year that a**
21 **certificate of completed rehabilitation is issued. An election to**
22 **receive a refund under this subsection is irrevocable. However, the**
23 **amount of the refund allowed for an election made under this**
24 **subsection is subject to adjustment as provided under subsection**
25 **(7) or (8), or both. A qualified taxpayer that elects to forgo the**
26 **carryover period and receive a refund under this subsection**
27 **continues to be subject to all other requirements of this section**
28 **and the qualified taxpayer's certificate of completed**
29 **rehabilitation is subject to revocation for noncompliance with this**

1 section. If the qualified taxpayer fails to comply with this
2 section or the qualified taxpayer's certificate of completed
3 rehabilitation is otherwise revoked under this section, the
4 qualified taxpayer may have any amount previously claimed for that
5 historic resource added back to the tax liability of the qualified
6 taxpayer as provided under subsection (13).

7 (13) ~~(9)~~—Except as otherwise provided under subsection ~~(10)~~,
8 (14), if a certificate of completed rehabilitation is revoked under
9 subsection ~~(5)~~—(9) or if the historic resource is sold or disposed
10 of less than 5 years after the certificate of completed
11 rehabilitation is issued, the following percentage of the credit
12 amount previously claimed relative to that historic resource shall
13 be added back to the tax liability of the qualified taxpayer that
14 received the certificate of completed rehabilitation and not the
15 assignee in the year of the revocation:

16 (a) If the revocation is less than 1 year after the
17 certificate of completed rehabilitation is issued, 100%.

18 (b) If the revocation is at least 1 year but less than 2 years
19 after the certificate of completed rehabilitation is issued, 80%.

20 (c) If the revocation is at least 2 years but less than 3
21 years after the certificate of completed rehabilitation is issued,
22 60%.

23 (d) If the revocation is at least 3 years but less than 4
24 years after the certificate of completed rehabilitation is issued,
25 40%.

26 (e) If the revocation is at least 4 years but less than 5
27 years after the certificate of completed rehabilitation is issued,
28 20%.

29 (f) If the revocation is at least 5 years or more after the

1 certificate of completed rehabilitation is issued, an addback to
2 the qualified taxpayer tax liability is not required.

3 **(14) ~~(10)~~ Notwithstanding R 206.212 of the Michigan**
4 **Administrative Code, a qualified taxpayer must notify the office**
5 **and department in writing of their intent to transfer or sell the**
6 **historic resource at least 60 days before the proposed sale or**
7 **transfer.** Subsection ~~(9)~~ **(13)** shall not apply if the qualified
8 taxpayer enters into a written agreement with the office that will
9 allow for the transfer or sale of the historic resource and
10 provides the following:

11 (a) Reasonable assurance that subsequent to the transfer the
12 property will remain a historic resource during the 5-year period
13 after the certificate of completed rehabilitation is issued.

14 (b) A method that the department can recover an amount from
15 the qualified taxpayer equal to the appropriate percentage of
16 credit added back as described under subsection ~~(9)~~ **(13)**.

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

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

25 **(15) ~~(11)~~ The office may impose a fee to cover the**
26 **administrative ~~cost~~ costs of implementing the program under this**
27 **section. Administrative costs include the amount necessary to hire**
28 **an additional 2.0 full-time equated positions to implement the**
29 **program under this section.**

1 **(16)** ~~(12)~~—The qualified taxpayer shall attach all of the
 2 following to the qualified taxpayer's annual return under this
 3 part:

4 (a) Certificate of completed rehabilitation.

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

8 (c) A completed assignment form if the qualified taxpayer is
 9 an assignee **or reassignee** under this section or section 676 of any
 10 portion of a credit allowed under ~~that~~**this section or section 676.**

11 **(17)** ~~(13)~~—The office may promulgate rules to implement this
 12 section pursuant to the administrative procedures act of 1969, 1969
 13 PA 306, MCL 24.201 to 24.328.

14 **(18)** ~~(14)~~—The total of the credits claimed under this section
 15 and section 676 for a rehabilitation project shall not exceed 25%
 16 of the total qualified expenditures eligible for the credit under
 17 this section for ~~that~~**a large nonresidential historic resource or**
 18 **medium nonresidential historic resource** rehabilitation project **or**
 19 **30% for a small nonresidential historic resource or residential**
 20 **historic resource rehabilitation project.**

21 **(19)** **The credit allowed under this section for qualified**
 22 **expenditures for the rehabilitation of a historic resource pursuant**
 23 **to a rehabilitation plan is in addition to any credit a taxpayer is**
 24 **allowed to claim under section 47 of the internal revenue code for**
 25 **that same rehabilitation plan of the same historic resource.**

26 **(20)** ~~(15)~~—The office shall submit an economic impact report
 27 that includes, to the extent available, all of the following to the
 28 legislature annually for the immediately preceding state fiscal
 29 year:

1 (a) The fee schedule used by the office and the total amount
2 of fees collected.

3 (b) A description of each rehabilitation project for which a
4 preapproval letter was issued and for each certificate of completed
5 rehabilitation issued. The description must include the total
6 rehabilitation costs, labor hours generated, jobs added, payroll
7 added, total capital investments, gain in property value after
8 rehabilitation, and the amount of income tax and sales tax
9 generated by the rehabilitation project.

10 (c) The location of each new and ongoing rehabilitation
11 project.

12 (21) ~~(16)~~—As used in this section:

13 (a) "Contributing resource" means a historic resource that
14 contributes to the significance of the historic district in which
15 it is located.

16 (b) "Detroit Consumer Price Index" means the most
17 comprehensive index of consumer prices available for the Detroit
18 area from the United States Department of Labor, Bureau of Labor
19 Statistics.

20 (c) "Historic district" means an area, or group of areas not
21 necessarily having contiguous boundaries, that contains 1 resource
22 or a group of resources that are related by history, architecture,
23 archaeology, engineering, or culture.

24 (d) "Historic resource" means a publicly or privately owned
25 historic building, structure, site, object, feature, or open space
26 located within **or contributing to** a historic district designated by
27 the National Register of Historic Places, the state register of
28 historic sites, or a local unit acting under the local historic
29 districts act, 1970 PA 169, MCL 399.201 to 399.215; or that is

1 individually listed on the state register of historic sites or
2 National Register of Historic Places **and if a determination of**
3 **eligibility for listing in the National Register of Historic Places**
4 **has been issued by the office, historic resource includes any of**
5 **the following:**

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

10 (ii) A resource that is located in an unincorporated local unit
11 of government.

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

17 (iv) A resource that is subject to a historic preservation
18 easement that is held by a historic preservation or history
19 organization that accepts easements for the purpose of holding the
20 easement in perpetuity and assuring the easement is maintained in
21 accordance with the federal Secretary of the Interior's standards
22 for rehabilitation and guidelines for rehabilitation of historic
23 buildings under 36 CFR part 67.

24 (e) "Large nonresidential historic resource" means, **for tax**
25 **years before the 2024 tax year, a nonowner-occupied, non-owner-**
26 **occupied,** income producing historic resource that has a
27 rehabilitation plan with qualified expenditures of \$2,000,000.00 or
28 more. **For the 2024 tax year and each tax year after 2024, "large**
29 **nonresidential historic resource" means a non-owner-occupied,**

1 **income producing historic resource that has a rehabilitation plan**
 2 **with qualified expenditures of \$10,000,000.00 or more.**

3 (f) "Local unit" means a county, city, village, or township.

4 (g) "Long-term lease" means a lease term of at least 27.5
 5 years for a residential resource or at least 31.5 years for a
 6 nonresidential resource.

7 (h) **"Medium nonresidential historic resource" means a non-**
 8 **owner-occupied, income producing historic resource that has a**
 9 **rehabilitation plan with qualified expenditures of at least**
 10 **\$1,000,000.00 or more, but less than \$10,000,000.00.**

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

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

16 (k) ~~(i)~~—"Qualified expenditures" means capital expenditures
 17 that qualify, or would qualify except that the qualified taxpayer
 18 entered into an agreement under subsection ~~(10)~~, **(14)**, for a
 19 rehabilitation credit under section ~~47(a)(2)~~**47** of the internal
 20 revenue code if the qualified taxpayer is eligible for the credit
 21 under section ~~47(a)(2)~~**47** of the internal revenue code or, if the
 22 applicant is not eligible for the credit under section ~~47(a)(2)~~**47**
 23 of the internal revenue code, the qualified expenditures that would
 24 qualify under section ~~47(a)(2)~~**47** of the internal revenue code
 25 except that the expenditures are made to a historic resource that
 26 is not eligible for the credit under section ~~47(a)(2)~~**47** of the
 27 internal revenue code, that were paid. Qualified expenditures do
 28 not include capital expenditures for nonhistoric additions to a
 29 historic resource except an addition that is required by state or

1 federal regulations that relate to historic preservation, safety,
2 or accessibility.

3 (l) ~~(j)~~ "Qualified taxpayer" means a person that is an assignee
4 **or reassignee** under this section or section 676, ~~or that either~~
5 **directly or indirectly** owns the resource to be rehabilitated, or
6 **that** has a long-term lease agreement, **development agreement, or**
7 **purchase agreement** with the owner of the historic resource and ~~that~~
8 ~~has qualified expenditures for the rehabilitation of the historic~~
9 ~~resource that satisfies either of the following:~~

10 ~~(i) For the rehabilitation of a residential historic resource,~~
11 ~~qualified expenditures equal to or greater than \$1,000.00. The~~
12 ~~\$1,000.00 amount must be annually adjusted for inflation using the~~
13 ~~Detroit Consumer Price Index.~~

14 ~~(ii) For~~ **for** the rehabilitation of a historic resource that is
15 not a residential historic resource, **has** qualified expenditures
16 equal to or greater than 10% of the state equalized valuation of
17 the property. If the historic resource to be rehabilitated is a
18 portion of a historic or nonhistoric resource, the state equalized
19 valuation of only that portion of the property shall be used for
20 purposes of this ~~subparagraph.~~ **subdivision.** If the assessor for the
21 local tax collecting unit in which the historic resource is located
22 determines the state equalized valuation of that portion, that
23 assessor's determination shall be used for purposes of this
24 ~~subparagraph.~~ **subdivision.** If the assessor does not determine that
25 state equalized valuation of that portion, qualified expenditures,
26 for purposes of this ~~subparagraph,~~ **subdivision,** shall be equal to
27 or greater than 5% of the appraised value as determined by a
28 certified appraiser. If the historic resource to be rehabilitated
29 does not have a state equalized valuation, qualified expenditures

1 for purposes of this ~~subparagraph~~**subdivision** shall be equal to or
2 greater than 5% of the appraised value of the resource as
3 determined by a certified appraiser.

4 (m) ~~(k)~~—"Rehabilitation plan" means a plan for the
5 rehabilitation of a historic resource that meets the federal
6 Secretary of the Interior's standards for rehabilitation and
7 guidelines for rehabilitation of historic buildings under 36 CFR
8 part 67.

9 (n) ~~(l)~~—"Residential historic resource" means a non-income
10 producing historic resource that is **primarily** an owner-occupied
11 dwelling. **Residential historic resource includes a single-family**
12 **residential dwelling unit, a condominium unit, and a multiple-unit**
13 **dwelling or multiple-purpose structure that includes 1 or more**
14 **residential dwelling units. As used in this subdivision, a non-**
15 **income producing historic resource includes a historic resource**
16 **that is income producing for less than half of the calendar year or**
17 **that utilizes less than 50% of the total square footage for income**
18 **producing purposes.**

19 (o) ~~(m)~~—"Small nonresidential historic resource" means, **for**
20 **tax years before the 2024 tax year, a nonowner-occupied, non-owner-**
21 **occupied, income producing historic resource that has a**
22 **rehabilitation plan with qualified expenditures of less than**
23 **\$2,000,000.00. For the 2024 tax year and each tax year after 2024,**
24 **"small nonresidential historic resource" means a historic resource**
25 **that is primarily an income producing property that has a**
26 **rehabilitation plan with qualified expenditures of less than**
27 **\$1,000,000.00. A small nonresidential historic resource may be**
28 **owner occupied if less than 50% of the total square footage is**
29 **occupied by the owner or the property is occupied by the owner for**

1 **less than half of the calendar year.**

2 (p) ~~(a)~~ "State historic preservation office" or "office" means
3 the state historic preservation office created by Executive Order
4 No. 2007-53 and transferred to the Michigan strategic fund by
5 Executive Reorganization Order No. 2019-3, MCL 125.1998.

6 Sec. 676. (1) Subject to the limitations under this section, a
7 qualified taxpayer with a certificate of completed rehabilitation
8 issued pursuant to subsection ~~(4)~~ **(8)** after December 31, 2020 ~~and~~
9 ~~before January 1, 2031~~ may credit against the tax imposed by this
10 part the amount determined pursuant to subsection (2) for the
11 qualified expenditures for the rehabilitation of a historic
12 resource pursuant to the rehabilitation plan in the year in which
13 the certificate of completed rehabilitation of the historic
14 resource is issued. The qualified taxpayer shall initially claim a
15 credit under this section within 5 years after the certificate of
16 completed rehabilitation is issued pursuant to subsection ~~(4)~~ **(8)**.
17 If the credit is not initially claimed within 5 years after the
18 certificate is issued, the certificate is no longer valid and the
19 qualified taxpayer is no longer eligible to claim a credit under
20 this section for that rehabilitation plan. Only those expenditures
21 that are paid or incurred during the time periods prescribed for
22 the credit under section ~~47(a)(2)~~ **47** of the internal revenue code
23 and any related treasury regulations shall be considered qualified
24 expenditures.

25 (2) Subject to the limitations under this section, a qualified
26 taxpayer ~~that has claimed and received a credit for qualified~~
27 ~~expenditures under section 47(a)(2) of the internal revenue code or~~
28 ~~has entered into an agreement under subsection (10)~~ may claim a
29 credit under this section equal to **the following under the**

1 following circumstances:

2 (a) For a qualified taxpayer that has claimed and received a
3 credit for qualified expenditures under section 47 of the internal
4 revenue code or has entered into an agreement under subsection (14)
5 as follows:

6 (i) For a large nonresidential historic resource or a medium
7 nonresidential historic resource, 25% of the qualified expenditures
8 that are eligible, or would have been eligible except that the
9 qualified taxpayer entered into an agreement under subsection ~~(10)~~,
10 (14), for the credit under section ~~47(a)(2)-47~~ of the internal
11 revenue code. ~~or, if the~~

12 (ii) For a small nonresidential historic resource or a
13 residential historic resource, 30% of the qualified expenditures
14 that are eligible, or would have been eligible except that the
15 qualified taxpayer entered into an agreement under subsection (14),
16 for the credit under section 47 of the internal revenue code.

17 (b) For a qualified taxpayer that is not eligible for the
18 credit under section ~~47(a)(2)-47~~ of the internal revenue code, ~~as~~
19 follows:

20 (i) For a large nonresidential historic resource or a medium
21 nonresidential historic resource, 25% of the qualified expenditures
22 that would qualify under section ~~47(a)(2)-47~~ of the internal
23 revenue code except that the expenditures are made to a historic
24 resource that is not eligible for the credit under section ~~47(a)(2)-~~
25 ~~47~~ of the internal revenue code.

26 (ii) For a small nonresidential historic resource or a
27 residential historic resource, 30% of the qualified expenditures
28 that would qualify under section 47 of the internal revenue code
29 except that the expenditures are made to a historic resource that

1 is not eligible for the credit under section 47 of the internal
2 revenue code.

3 (3) To be eligible for the credit under this section, a person
4 shall submit an application and a rehabilitation plan to the state
5 historic preservation office. Completed applications must be
6 considered in the order in which the office received the completed
7 applications. ~~and Notwithstanding any rule to the contrary,~~
8 **completed part 1 and part 3 applications must be** approved or denied
9 within ~~120~~30 days of receipt of the completed applications **and**
10 **completed part 2 applications must be approved or denied within 60**
11 **days of receipt of the completed applications.** If the office
12 determines that the application is complete and the rehabilitation
13 plan meets the criteria for a credit under this section, the office
14 shall issue a preapproval letter to the applicant that states that
15 the rehabilitation plan qualifies for the credit under this section
16 and the maximum total amount of the credit reserved for which a
17 credit may be claimed when the project is complete and a
18 certificate of completed rehabilitation is issued for qualified
19 expenditures pursuant to that rehabilitation plan. If an
20 application is denied under this subsection, the applicant may file
21 an appeal in a form and manner as prescribed by the office or
22 subsequently reapply for the same rehabilitation plan or for
23 another rehabilitation plan, or both.

24 (4) Subject to the limitations under this section, the total
25 of all credits reserved under preapproval letters for
26 rehabilitation plans approved under this section and section 266a
27 shall not exceed \$5,000,000.00 per calendar year **through December**
28 **31, 2023 and shall be utilized as follows:** ~~—To~~

29 (a) **To** the extent the office receives applications for the

1 rehabilitation of small nonresidential historic resources for
2 credits in excess of \$2,000,000.00, not less than \$2,000,000.00 of
3 the \$5,000,000.00 each calendar year shall be approved for small
4 nonresidential historic resources.

5 (b) To the extent the office receives applications for the
6 rehabilitation of large nonresidential historic resources for
7 credits in excess of \$2,000,000.00, not less than \$2,000,000.00 of
8 the \$5,000,000.00 each calendar year shall be approved for large
9 nonresidential historic resources.

10 (c) To the extent the office receives applications for the
11 rehabilitation of residential historic resources for credits in
12 excess of \$1,000,000.00, not less than \$1,000,000.00 of the
13 \$5,000,000.00 each calendar year shall be approved for residential
14 historic resources.

15 (5) Subject to the limitations under this section, beginning
16 with the 2024 calendar year, the total of all credits reserved
17 under preapproval letters for rehabilitation plans approved under
18 this section and section 266a shall not exceed \$100,000,000.00 per
19 calendar year and shall be utilized as follows:

20 (a) To the extent the office receives applications for the
21 rehabilitation of large nonresidential historic resources for
22 credits in excess of \$70,000,000.00, not less than \$70,000,000.00
23 of the \$100,000,000.00 each calendar year shall be approved for
24 large nonresidential historic resources.

25 (b) To the extent the office receives applications for the
26 rehabilitation of medium nonresidential historic resources for
27 credits in excess of \$20,000,000.00, not less than \$20,000,000.00
28 of the \$100,000,000.00 each calendar year shall be approved for
29 medium nonresidential historic resources.

1 (c) To the extent the office receives applications for the
2 rehabilitation of small nonresidential historic resources for
3 credits in excess of \$5,000,000.00, not less than \$5,000,000.00 of
4 the \$100,000,000.00 each calendar year shall be approved for small
5 nonresidential historic resources.

6 (d) To the extent the office receives applications for the
7 rehabilitation of residential historic resources for credits in
8 excess of \$5,000,000.00, not less than \$5,000,000.00 of the
9 \$100,000,000.00 each calendar year shall be approved for
10 residential historic resources.

11 (6) The office shall not issue a preapproval letter or
12 certificate of completed rehabilitation that authorizes a qualified
13 taxpayer to claim a credit of more than \$2,000,000.00 in a single
14 tax year **through the 2023 tax year** for the same historic resource.
15 **Beginning with the 2024 tax year, the office shall not issue a**
16 **preapproval letter or certificate of completed rehabilitation that**
17 **authorizes a qualified taxpayer to claim a credit of more than the**
18 **following in a single tax year for the same historic resource under**
19 **the following categories:**

20 (a) For a large nonresidential historic resource,
21 \$10,000,000.00.

22 (b) For a medium nonresidential historic resource,
23 \$2,500,000.00.

24 (c) For a small nonresidential historic resource, \$300,000.00.

25 (7) If, for any calendar year, the office issues preapproval
26 letters and reserves the maximum amount of tax credits allowed
27 under this section for that calendar year, the office shall notify
28 all applicants who have submitted completed applications and
29 rehabilitation plans then awaiting approval or submitted for

1 approval after the calculation is made that no additional
2 preapproval letters for rehabilitation plans will be issued during
3 that calendar year. The office shall also notify those applicants
4 of the priority number given to the ~~owner's~~**applicant's** application
5 and rehabilitation plan awaiting approval. The applications and
6 plans will remain in priority status for 2 years from the date of
7 the original application and plan and will be considered for
8 approval and reservation of tax credits in the priority order
9 established in this subsection in the event that additional credits
10 become available resulting from the rescission of approvals, ~~under~~
11 ~~this subsection or subsection (5)~~**or from any unused, recaptured,**
12 **unclaimed, or returned credits during the calendar year** and at the
13 beginning of the next calendar year. **To the extent possible, the**
14 **reallocation of any unused, recaptured, unclaimed, or returned**
15 **credits during the calendar year must be awarded to applicants**
16 **within the same type of historic resource category. However, any**
17 **remaining credits on December 1 of each year may be utilized for**
18 **any approved application, including a request for an additional**
19 **credit under subsection (8).** An applicant that has received a
20 preapproval letter shall commence rehabilitation, if it has not
21 previously begun, within 1 year after the issuance of the
22 preapproval letter and complete the rehabilitation plan within 8
23 years after the issuance of the preapproval letter or the office
24 will rescind the preapproval letter and reallocate the amount of
25 the credit reserved for that rehabilitation plan. Upon completion
26 of a rehabilitation plan for which a preapproval letter was issued,
27 the applicant shall submit to the office documentation that the
28 rehabilitation is complete and the completed rehabilitation of the
29 historic resource meets the criteria under subsection ~~(6)~~**(10)** and

1 either 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 or is individually
5 listed on the National Register of Historic Places or state
6 register of historic sites.

7 (ii) Both the rehabilitation plan and completed rehabilitation
8 of the historic resource meet the federal Secretary of the
9 Interior's standards for rehabilitation and guidelines for
10 rehabilitating historic buildings, 36 CFR part 67.

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

15 (b) The applicant has received certification from the National
16 Park Service that the historic resource's significance, the
17 rehabilitation plan, and the completed rehabilitation qualify for
18 the credit allowed under section ~~47(a)(2)~~**47** of the internal
19 revenue code.

20 **(8)** ~~(4)~~The office shall verify that the rehabilitation is
21 complete and meets the criteria under subsection (3). However, if
22 the applicant is eligible for the credit allowed under section
23 ~~47(a)(2)~~**47** of the internal revenue code, additional documentation
24 that the rehabilitation is complete for the credit allowed under
25 this section is not required. ~~Within 120~~**Notwithstanding R 206.208**
26 **of the Michigan Administrative Code, 30** days after receiving
27 verification, in a form and manner as prescribed by the office,
28 that the rehabilitation is complete and meets the requirements of
29 subsection (3), the office shall issue a certificate of completed

1 rehabilitation to the applicant that states the rehabilitation plan
2 submitted by the applicant has been completed, the amount of
3 qualified expenditures, and the total amount of the credit allowed
4 to be claimed by a qualified taxpayer under this section. If the
5 amount of qualified expenditures incurred exceeds the amount of the
6 tax credits reserved by the preapproval letter issued under
7 subsection (3), the applicant may submit a request to the office,
8 in a form and manner as prescribed by the office, for the issuance
9 and approval of a certificate of completed rehabilitation in excess
10 of the amount initially authorized in the preapproval letter. **The**
11 **request for an additional credit in excess of the amount initially**
12 **authorized in the preapproval letter under this subsection is a**
13 **request for a new credit and must be given a priority number based**
14 **on the date of the request for consideration if additional credits**
15 **are available.** If the office determines that less than
16 ~~\$5,000,000.00~~ **the maximum amount of credits allowed under**
17 **subsection (4) or (5), whichever is applicable,** has been reserved
18 under preapproval letters issued for the calendar year, after
19 priority has been given to those notified under subsection ~~(3),~~
20 **(7),** then the office may issue a certificate of completed
21 rehabilitation in excess of the amount included in the preapproval
22 letter.

23 **(9)** ~~(5)~~—The office may inspect a historic resource at any time
24 during the rehabilitation process and may revoke the preapproval
25 letter or the certificate of completed rehabilitation if the
26 rehabilitation was not undertaken as represented in the
27 rehabilitation plan or if unapproved alterations to the completed
28 rehabilitation are made within 5 years after the tax year in which
29 the certificate of completed rehabilitation was issued. The office

1 shall promptly notify the department of a revocation.

2 **(10)** ~~(6)~~ Qualified expenditures for the rehabilitation of a
3 historic resource may be used to calculate the credit under this
4 section if the historic resource is 1 of the following during the
5 tax year in which a credit under this section is claimed for those
6 qualified expenditures:

7 (a) Individually listed on the National Register of Historic
8 Places or state register of historic sites.

9 (b) A contributing resource located within a historic district
10 listed on the National Register of Historic Places or the state
11 register of historic sites.

12 (c) A contributing resource located within a historic district
13 designated by a local unit pursuant to an ordinance adopted under
14 the local historic districts act, 1970 PA 169, MCL 399.201 to
15 399.215.

16 **(d) If a determination of eligibility for listing in the**
17 **National Register of Historic Places has been issued by the office**
18 **for the historic resource and that historic resource is 1 of the**
19 **following:**

20 (i) Located in an incorporated local unit of government that
21 does not have an ordinance under the local historic districts act,
22 1970 PA 169, MCL 399.201 to 399.215, and has a population of less
23 than 5,000.

24 (ii) Located in an unincorporated local unit of government.

25 (iii) Located in an incorporated local unit of government that
26 does not have an ordinance under the local historic districts act,
27 1970 PA 169, MCL 399.201 to 399.215, and is located within the
28 boundaries of an association that has been chartered under 1889 PA
29 39, MCL 455.51 to 455.72.

1 (iv) Subject to a historic preservation easement that is held
2 by a historic preservation or history organization that accepts
3 easements for the purpose of holding the easement in perpetuity and
4 assuring the easement is maintained in accordance with the federal
5 Secretary of the Interior's standards for rehabilitation and
6 guidelines for rehabilitation of historic buildings under 36 CFR
7 part 67.

8 (11) ~~(7)~~—A person that has been issued a certificate of
9 completed rehabilitation under subsection ~~(4)~~—(8) may **monetize that**
10 **credit and** assign all or any portion of the credit allowed under
11 this section. A credit assignment under this subsection is
12 irrevocable and shall be made in the tax year in which a
13 certificate of completed rehabilitation is issued. A qualified
14 taxpayer may claim a portion of a credit and assign the remaining
15 amount. If the qualified taxpayer both claims and assigns portions
16 of the credit, the qualified taxpayer shall claim the portion it
17 claims in the tax year in which a certificate of completed
18 rehabilitation is issued pursuant to this section. Except as
19 otherwise provided under this subsection, an assignee may **monetize**
20 **that credit and** subsequently assign the credit or any portion of
21 the credit assigned under this subsection to 1 or more assignees.
22 An assignment or subsequent reassignment of a credit shall be made
23 in the year the certificate of completed rehabilitation is issued.
24 A credit assignment or subsequent reassignment under this section
25 shall be made on a form prescribed by the ~~office~~—**department**. The
26 ~~office~~—**department** shall review and issue a completed assignment or
27 reassignment certificate to the assignee or reassignee. If the
28 qualified taxpayer assigns all or any portion of the credit allowed
29 under this section to a partnership, limited liability company, or

1 subchapter S corporation, then the assignees **or subsequent**
2 **reassignees** are its partners, members, or shareholders based on the
3 partner's, member's, or shareholder's proportionate share of
4 ownership or on an alternative method approved by the office. A
5 credit amount assigned under this subsection may be claimed against
6 the assignee's **or subsequent reassignee's** tax liability under this
7 part or part 1. An assignee or subsequent reassignee shall attach a
8 copy of the completed assignment certificate to the annual return
9 required to be filed under this part for the tax year in which the
10 assignment or reassignment is made and the assignee or reassignee
11 first claims the credit, which shall be the same tax year.

12 (12) ~~(8)~~—If the credit allowed under this section for the tax
13 year and any unused carryforward of the credit allowed by this
14 section exceed the qualified taxpayer's tax liability for the tax
15 year, that portion that exceeds the tax liability for the tax year
16 shall not be refunded but may be carried forward to offset tax
17 liability in subsequent tax years for 10 years or until used up,
18 whichever occurs first. If a qualified taxpayer has an unused
19 carryforward of a credit under this section, the amount otherwise
20 added under subsection ~~(9)~~—(13) to the qualified taxpayer's tax
21 liability may instead be used to reduce the qualified taxpayer's
22 carryforward under this section. **For projects for which a**
23 **certificate of completed rehabilitation is issued for a tax year**
24 **beginning after December 31, 2023 and for which the credit amount**
25 **allowed is less than \$500,000.00, a qualified taxpayer may elect to**
26 **forgo the carryover period and receive a refund of the amount of**
27 **the credit that exceeds the qualified taxpayer's tax liability. The**
28 **amount of the refund shall be equal to 90% of the amount of the**
29 **credit that exceeds the qualified taxpayer's tax liability. An**

1 election under this subsection must be made in the year that a
 2 certificate of completed rehabilitation is issued. An election to
 3 receive a refund under this subsection is irrevocable. However, the
 4 amount of the refund allowed for an election made under this
 5 subsection is subject to adjustment as provided under subsection
 6 (7) or (8), or both. A qualified taxpayer that elects to forgo the
 7 carryover period and receive a refund under this subsection
 8 continues to be subject to all other requirements of this section
 9 and the qualified taxpayer's certificate of completed
 10 rehabilitation is subject to revocation for noncompliance with this
 11 section. If the qualified taxpayer fails to comply with this
 12 section or the qualified taxpayer's certificate of completed
 13 rehabilitation is otherwise revoked under this section, the
 14 qualified taxpayer may have any amount previously claimed for that
 15 historic resource added back to the tax liability of the qualified
 16 taxpayer as provided under subsection (13).

17 (13) ~~(9)~~—Except as otherwise provided under subsection ~~(10)~~,
 18 (14), if a certificate of completed rehabilitation is revoked under
 19 subsection ~~(5)~~—(9) or a historic resource is sold or disposed of
 20 less than 5 years after the certificate of completed rehabilitation
 21 is issued, the following percentage of the credit amount previously
 22 claimed relative to that historic resource shall be added back to
 23 the tax liability of the qualified taxpayer that received the
 24 certificate of completed rehabilitation and not the assignee in the
 25 year of the revocation:

26 (a) If the revocation is less than 1 year after the
 27 certificate of completed rehabilitation is issued, 100%.

28 (b) If the revocation is at least 1 year but less than 2 years
 29 after the certificate of completed rehabilitation is issued, 80%.

1 (c) If the revocation is at least 2 years but less than 3
2 years after the certificate of completed rehabilitation is issued,
3 60%.

4 (d) If the revocation is at least 3 years but less than 4
5 years after the certificate of completed rehabilitation is issued,
6 40%.

7 (e) If the revocation is at least 4 years but less than 5
8 years after the certificate of completed rehabilitation is issued,
9 20%.

10 (f) If the revocation is at least 5 years or more after the
11 certificate of completed rehabilitation is issued, an addback to
12 the qualified taxpayer tax liability is not required.

13 **(14) ~~(10)~~ Notwithstanding R 206.212 of the Michigan**
14 **Administrative Code, a qualified taxpayer must notify the office**
15 **and department in writing of their intent to transfer or sell the**
16 **historic resource at least 60 days before the proposed sale or**
17 **transfer.** Subsection ~~(9)~~ **(13)** shall not apply if the qualified
18 taxpayer enters into a written agreement with the office that will
19 allow for the transfer or sale of the historic resource and
20 provides the following:

21 (a) Reasonable assurance that subsequent to the transfer the
22 property will remain a historic resource during the 5-year period
23 after the certificate of completed rehabilitation is issued.

24 (b) A method that the department can recover an amount from
25 the qualified taxpayer equal to the appropriate percentage of
26 credit added back as described under subsection ~~(9)~~ **(13)**.

27 (c) An encumbrance on the title to the historic resource being
28 sold or transferred, stating that the property must remain a
29 historic resource throughout the 5-year period after the

1 certificate of completed rehabilitation is issued.

2 (d) A provision for the payment by the qualified taxpayer of
3 all legal and professional fees associated with the drafting,
4 review, and recording of the written agreement required under this
5 subsection.

6 (15) ~~(11)~~—The office may impose a fee to cover the
7 administrative ~~cost~~ **costs** of implementing the program under this
8 section. **Administrative costs include the amount necessary to hire**
9 **an additional 2.0 full-time equated positions to implement the**
10 **program under this section.**

11 (16) ~~(12)~~—The qualified taxpayer shall attach all of the
12 following to the qualified taxpayer's annual return required under
13 this part, if applicable, on which the credit is claimed:

14 (a) Certificate of completed rehabilitation.

15 (b) Certification of historic significance related to the
16 historic resource and the qualified expenditures used to claim a
17 credit under this section.

18 (c) A completed assignment form if the qualified taxpayer or
19 assignee has assigned any portion of a credit allowed under this
20 section **or section 266a** or if the qualified taxpayer is an assignee
21 **or reassignee** of any portion of a credit allowed under this section
22 **or section 266a.**

23 (17) ~~(13)~~—The office 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 (18) ~~(14)~~—The total of the credits claimed under this section
27 and section 266a for a rehabilitation project shall not exceed 25%
28 of the total qualified expenditures eligible for the credit under
29 this section for ~~that~~ **a large nonresidential historic resource or**

1 **medium nonresidential historic resource** rehabilitation project or
2 **30% for a small nonresidential historic resource or residential**
3 **historic resource rehabilitation project.**

4 **(19) The credit allowed under this section for qualified**
5 **expenditures for the rehabilitation of a historic resource pursuant**
6 **to a rehabilitation plan is in addition to any credit a taxpayer is**
7 **allowed to claim under section 47 of the internal revenue code for**
8 **that same rehabilitation plan of the same historic resource.**

9 **(20) ~~(15)~~**—The office shall submit an economic impact report
10 that includes, to the extent available, all of the following to the
11 legislature annually for the immediately preceding state fiscal
12 year:

13 (a) The fee schedule used by the office and the total amount
14 of fees collected.

15 (b) A description of each rehabilitation project for which a
16 preapproval letter is issued and for each certificate of completed
17 rehabilitation issued. The description must include the total
18 rehabilitation costs, labor hours generated, jobs added, payroll
19 added, total capital investments, gain in property value after
20 rehabilitation, and the amount of income tax and sales tax
21 generated by the rehabilitation project.

22 (c) The location of each new and ongoing rehabilitation
23 project.

24 **(21) ~~(16)~~**—As used in this section:

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

28 (b) "Detroit Consumer Price Index" means the most
29 comprehensive index of consumer prices available for the Detroit

1 area from the United States Department of Labor, Bureau of Labor
2 Statistics.

3 (c) "Historic district" means an area, or group of areas not
4 necessarily having contiguous boundaries, that contains 1 resource
5 or a group of resources that are related by history, architecture,
6 archaeology, engineering, or culture.

7 (d) "Historic resource" means a publicly or privately owned
8 historic building, structure, site, object, feature, or open space
9 located within **or contributing to** a historic district designated by
10 the National Register of Historic Places, the state register of
11 historic sites, or a local unit acting under the local historic
12 districts act, 1970 PA 169, MCL 399.201 to 399.215; or that is
13 individually listed on the state register of historic sites or
14 National Register of Historic Places **and if a determination of**
15 **eligibility for listing in the National Register of Historic Places**
16 **has been issued by the office, historic resource includes any of**
17 **the following:**

18 (i) A resource that is located in an incorporated local unit of
19 government that does not have an ordinance under the local historic
20 districts act, 1970 PA 169, MCL 399.201 to 399.215, and has a
21 population of less than 5,000.

22 (ii) A resource that is located in an unincorporated local unit
23 of government.

24 (iii) A resource that is located in an incorporated local unit
25 of government that does not have an ordinance under the local
26 historic districts act, 1970 PA 169, MCL 399.201 to 399.215, and is
27 located within the boundaries of an association that has been
28 chartered under 1889 PA 39, MCL 455.51 to 455.72.

29 (iv) A resource that is subject to a historic preservation

1 easement that is held by a historic preservation or history
 2 organization that accepts easements for the purpose of holding the
 3 easement in perpetuity and assuring the easement is maintained in
 4 accordance with the federal Secretary of the Interior's standards
 5 for rehabilitation and guidelines for rehabilitation of historic
 6 buildings under 36 CFR part 67.

7 (e) "Large nonresidential historic resource" means, for tax
 8 years before the 2024 tax year, a ~~nonowner-occupied, non-owner-~~
 9 ~~occupied~~, income producing historic resource that has a
 10 rehabilitation plan with qualified expenditures of \$2,000,000.00 or
 11 more. For the 2024 tax year and each tax year after 2024, "large
 12 nonresidential historic resource" means a non-owner-occupied,
 13 income producing historic resource that has a rehabilitation plan
 14 with qualified expenditures of \$10,000,000.00 or more.

15 (f) "Local unit" means a county, city, village, or township.

16 (g) "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 (h) "Medium nonresidential historic resource" means a non-
 20 owner-occupied, income producing historic resource that has a
 21 rehabilitation plan with qualified expenditures of at least
 22 \$1,000,000.00 or more, but less than \$10,000,000.00.

23 (i) ~~(h)~~—"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 (j) "Person" means an individual, partnership, corporation,
 27 association, governmental entity, or other legal entity.

28 (k) ~~(i)~~—"Qualified expenditures" means capital expenditures
 29 that qualify, or would qualify except that the qualified taxpayer

1 entered into an agreement under subsection ~~(10)~~, **(14)**, for a
 2 rehabilitation credit under section ~~47(a)(2)~~**47** of the internal
 3 revenue code if the qualified taxpayer is eligible for the credit
 4 under section ~~47(a)(2)~~**47** of the internal revenue code or, if the
 5 applicant is not eligible for the credit under section ~~47(a)(2)~~**47**
 6 of the internal revenue code, the qualified expenditures that would
 7 qualify under section ~~47(a)(2)~~**47** of the internal revenue code
 8 except that the expenditures are made to a historic resource that
 9 is not eligible for the credit under section ~~47(a)(2)~~**47** of the
 10 internal revenue code that were paid. Qualified expenditures do not
 11 include capital expenditures for nonhistoric additions to a
 12 historic resource except an addition that is required by state or
 13 federal regulations that relate to historic preservation, safety,
 14 or accessibility.

15 **(l)** ~~(j)~~ "Qualified taxpayer" means a person that is an assignee
 16 **or reassignee** under this section or section 266a, ~~or that either~~
 17 **directly or indirectly** owns the resource to be rehabilitated, or
 18 **that** has a long-term lease agreement, **development agreement, or**
 19 **purchase agreement** with the owner of the historic resource and ~~that~~
 20 ~~has qualified expenditures for the rehabilitation of the historic~~
 21 ~~resource that satisfies either of the following:~~

22 ~~(i)~~ ~~For~~ **for** the rehabilitation of a historic resource that is
 23 not a residential historic resource, **has** qualified expenditures
 24 equal to or greater than 10% of the state equalized valuation of
 25 the property. If the historic resource to be rehabilitated is a
 26 portion of a historic or nonhistoric resource, the state equalized
 27 valuation of only that portion of the property shall be used for
 28 purposes of this subdivision. If the assessor for the local tax
 29 collecting unit in which the historic resource is located

1 determines the state equalized valuation of that portion, that
2 assessor's determination shall be used for purposes of this
3 subdivision. If the assessor does not determine that state
4 equalized valuation of that portion, qualified expenditures, for
5 purposes of this subdivision, shall be equal to or greater than 5%
6 of the appraised value as determined by a certified appraiser. If
7 the historic resource to be rehabilitated does not have a state
8 equalized valuation, qualified expenditures for purposes of this
9 subdivision shall be equal to or greater than 5% of the appraised
10 value of the resource as determined by a certified appraiser.

11 ~~(ii) For the rehabilitation of a residential historic resource,~~
12 ~~qualified expenditures equal to or greater than \$1,000.00. The~~
13 ~~dollar amount established under this subparagraph must be annually~~
14 ~~adjusted for inflation using the Detroit Consumer Price Index.~~

15 (m) ~~(k)~~-"Rehabilitation plan" means a plan for the
16 rehabilitation of a historic resource that meets the federal
17 Secretary of the Interior's standards for rehabilitation and
18 guidelines for rehabilitation of historic buildings under 36 CFR
19 part 67.

20 (n) ~~(l)~~-"Residential historic resource" means a non-income
21 producing historic resource that is **primarily** an owner-occupied
22 dwelling. **Residential historic resource includes a single-family**
23 **residential dwelling, a condominium unit, and a multiple-unit**
24 **dwelling or multiple-purpose structure that includes 1 or more**
25 **residential dwelling units. As used in this subdivision, a non-**
26 **income producing historic resource includes a historic resource**
27 **that is income producing for less than half of the calendar year or**
28 **that utilizes less than 50% of the total square footage for income**
29 **producing purposes.**

1 **(o) ~~(m)~~** "Small nonresidential historic resource" means, **for**
2 **tax years before the 2024 tax year, a nonowner-occupied, non-owner-**
3 **occupied,** income producing historic resource that has a
4 rehabilitation plan with qualified expenditures of less than
5 \$2,000,000.00. **For the 2024 tax year and each tax year after 2024,**
6 **"small nonresidential historic resource" means a historic resource**
7 **that is primarily an income producing property that has a**
8 **rehabilitation plan with qualified expenditures of less than**
9 **\$1,000,000.00. A small nonresidential historic resource may be**
10 **owner occupied if less than 50% of the total square footage is**
11 **occupied by the owner or the property is occupied by the owner for**
12 **less than half of the calendar year.**

13 **(p) ~~(n)~~** "State historic preservation office" or "office" means
14 the state historic preservation office created by Executive Order
15 No. 2007-53 and transferred to the Michigan strategic fund by
16 Executive Reorganization Order No. 2019-3, MCL 125.1998.