

HOUSE BILL NO. 4503

May 20, 2025, Introduced by Reps. Andrews, Skaggs, Byrnes, Mentzer, Young and Frisbie and referred to Committee on Economic Competitiveness.

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

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 676. (1) Subject to the limitations under this section, a
2 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
6 qualified expenditures for the rehabilitation of a historic

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 If the credit is not initially claimed within 5 years after the certificate is issued, the certificate is no longer valid and the qualified taxpayer is no longer eligible to claim a credit under this section for that rehabilitation plan.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

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

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

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

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

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

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

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

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

determines that the application is complete and the rehabilitation plan meets the criteria for a credit under this section, the office shall issue a preapproval letter to the applicant that states that the rehabilitation plan qualifies for the credit under this section and the maximum total amount of the credit reserved for which a credit may be claimed when the project is complete and a certificate of completed rehabilitation is issued for qualified expenditures pursuant to that rehabilitation plan. If an application is denied under this subsection, the applicant may file an appeal in a form and manner as prescribed by the office or subsequently reapply for the same rehabilitation plan or for another rehabilitation plan, or both.

(4) Subject to the limitations under this section, the total of all credits reserved under preapproval letters for rehabilitation plans approved under this section and section 266a shall not exceed \$5,000,000.00 per calendar year **through December 31, 2025 and shall be utilized as follows: ~~to~~**

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

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

(c) To the extent the office receives applications for the rehabilitation of residential historic resources for credits in

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

4 (5) Subject to the limitations under this section, beginning
5 on and after January 1, 2026, the total of all credits reserved
6 under preapproval letters for rehabilitation plans approved under
7 this section and section 266a shall not exceed \$100,000,000.00 per
8 calendar year and shall be utilized as follows:

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

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

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

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

29 (6) The office shall not issue a preapproval letter or

1 certificate of completed rehabilitation that authorizes a qualified
 2 taxpayer to claim a credit of more than \$2,000,000.00 in a single
 3 tax year **before January 1, 2026** for the same historic resource.

4 **Beginning on and after January 1, 2026, the office shall not issue**
 5 **a preapproval letter or certificate of completed rehabilitation**
 6 **that authorizes a qualified taxpayer to claim a credit of more than**
 7 **the following in a single tax year for the same historic resource**
 8 **under the following categories:**

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

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

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

14 (7) If, for any calendar year, the office issues preapproval
 15 letters and reserves the maximum amount of tax credits allowed
 16 under this section for that calendar year, the office shall notify
 17 all applicants who have submitted completed applications and
 18 rehabilitation plans then awaiting approval or submitted for
 19 approval after the calculation is made that no additional
 20 preapproval letters for rehabilitation plans will be issued during
 21 that calendar year. The office shall also notify those applicants
 22 of the priority number given to the ~~owner's~~ **applicant's** application
 23 and rehabilitation plan awaiting approval. The applications and
 24 plans will remain in priority status for 2 years from the date of
 25 the original application and plan and will be considered for
 26 approval and reservation of tax credits in the priority order
 27 established in this subsection in the event that additional credits
 28 become available resulting from the rescission of approvals, ~~under~~
 29 ~~this subsection or subsection (5)~~ **or from any unused, recaptured,**

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

20 (a) All of the following criteria:

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

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

29 (iii) All rehabilitation work has been done to or within the

1 walls, boundaries, or structures of the historic resource or to
 2 historic resources located within the property boundaries of the
 3 property.

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

9 **(8)** ~~(4)~~The office shall verify that the rehabilitation is
 10 complete and meets the criteria under subsection (3). However, if
 11 the applicant is eligible for the credit allowed under section
 12 ~~47(a)(2)~~**47** of the internal revenue code, additional documentation
 13 that the rehabilitation is complete for the credit allowed under
 14 this section is not required. ~~Within 120~~**Notwithstanding R 206.208**
 15 **of the Michigan Administrative Code, 30** days after receiving
 16 verification, in a form and manner as prescribed by the office,
 17 that the rehabilitation is complete and meets the requirements of
 18 subsection (3), the office shall issue a certificate of completed
 19 rehabilitation to the applicant that states the rehabilitation plan
 20 submitted by the applicant has been completed, the amount of
 21 qualified expenditures, and the total amount of the credit allowed
 22 to be claimed by a qualified taxpayer under this section. If the
 23 amount of qualified expenditures incurred exceeds the amount of the
 24 tax credits reserved by the preapproval letter issued under
 25 subsection (3), the applicant may submit a request to the office,
 26 in a form and manner as prescribed by the office, for the issuance
 27 and approval of a certificate of completed rehabilitation in excess
 28 of the amount initially authorized in the preapproval letter. **The**
 29 **request for an additional credit in excess of the amount initially**

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

12 (9) ~~(5)~~—The office may inspect a historic resource at any time
 13 during the rehabilitation process and may revoke the preapproval
 14 letter or the certificate of completed rehabilitation if the
 15 rehabilitation was not undertaken as represented in the
 16 rehabilitation plan or if unapproved alterations to the completed
 17 rehabilitation are made within 5 years after the tax year in which
 18 the certificate of completed rehabilitation was issued. The office
 19 shall promptly notify the department of a revocation.

20 (10) ~~(6)~~—Qualified expenditures for the rehabilitation of a
 21 historic resource may be used to calculate the credit under this
 22 section if the historic resource is 1 of the following during the
 23 tax year in which a credit under this section is claimed for those
 24 qualified expenditures:

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

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

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

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

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

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

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

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

26 (11) ~~(7)~~—A person that has been issued a certificate of
27 completed rehabilitation under subsection ~~(4)~~—(8) may **monetize that**
28 **credit and** assign all or any portion of the credit allowed under
29 this section. A credit assignment under this subsection is

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

1 (12) ~~(8)~~—If the credit allowed under this section for the tax
 2 year and any unused carryforward of the credit allowed by this
 3 section exceed the qualified taxpayer's tax liability for the tax
 4 year, that portion that exceeds the tax liability for the tax year
 5 shall not be refunded but may be carried forward to offset tax
 6 liability in subsequent tax years for 10 years or until used up,
 7 whichever occurs first. If a qualified taxpayer has an unused
 8 carryforward of a credit under this section, the amount otherwise
 9 added under subsection ~~(9)~~ **(13)** to the qualified taxpayer's tax
 10 liability may instead be used to reduce the qualified taxpayer's
 11 carryforward under this section. **For projects for which a**
 12 **certificate of completed rehabilitation is issued for a tax year**
 13 **beginning after December 31, 2025 and for which the credit amount**
 14 **allowed is less than \$500,000.00, a qualified taxpayer may elect to**
 15 **forgo the carryover period and receive a refund of the amount of**
 16 **the credit that exceeds the qualified taxpayer's tax liability. The**
 17 **amount of the refund shall be equal to 90% of the amount of the**
 18 **credit that exceeds the qualified taxpayer's tax liability. An**
 19 **election under this subsection must be made in the year that a**
 20 **certificate of completed rehabilitation is issued. An election to**
 21 **receive a refund under this subsection is irrevocable. However, the**
 22 **amount of the refund allowed for an election made under this**
 23 **subsection is subject to adjustment as provided under subsection**
 24 **(7) or (8), or both. A qualified taxpayer that elects to forgo the**
 25 **carryover period and receive a refund under this subsection**
 26 **continues to be subject to all other requirements of this section**
 27 **and the qualified taxpayer's certificate of completed**
 28 **rehabilitation is subject to revocation for noncompliance with this**
 29 **section. If the qualified taxpayer fails to comply with this**

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

6 (13) ~~(9)~~ Except as otherwise provided under subsection ~~(10)~~,
 7 (14), if a certificate of completed rehabilitation is revoked under
 8 subsection ~~(5)~~ (9) or a historic resource is sold or disposed of
 9 less than 5 years after the certificate of completed rehabilitation
 10 is issued, the following percentage of the credit amount previously
 11 claimed relative to that historic resource shall be added back to
 12 the tax liability of the qualified taxpayer that received the
 13 certificate of completed rehabilitation and not the assignee in the
 14 year of the revocation:

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

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

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

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

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

28 (f) If the revocation is at least 5 years or more after the
 29 certificate of completed rehabilitation is issued, an addback to

1 the qualified taxpayer tax liability is not required.

2 **(14) ~~(10)~~Notwithstanding R 206.212 of the Michigan**
 3 **Administrative Code, a qualified taxpayer must notify the office**
 4 **and department in writing of their intent to transfer or sell the**
 5 **historic resource at least 60 days before the proposed sale or**
 6 **transfer.** Subsection ~~(9)~~ **(13)** shall not apply if the qualified
 7 taxpayer enters into a written agreement with the office that will
 8 allow for the transfer or sale of the historic resource and
 9 provides the following:

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

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

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

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

24 **(15) ~~(11)~~The office may impose a fee to cover the**
 25 **administrative ~~cost~~ costs of implementing the program under this**
 26 **section. Administrative costs include the amount necessary to hire**
 27 **an additional 2.0 full-time equated positions to implement the**
 28 **program under this section.**

29 **(16) ~~(12)~~The qualified taxpayer shall attach all of the**

1 following to the qualified taxpayer's annual return required under
 2 this part, if applicable, on which the credit is claimed:

3 (a) Certificate of completed rehabilitation.

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

7 (c) A completed assignment form if the qualified taxpayer or
 8 assignee has assigned any portion of a credit allowed under this
 9 section **or section 266a** or if the qualified taxpayer is an assignee
 10 **or reassignee** of any portion of a credit allowed under this section
 11 **or section 266a**.

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

15 (18) ~~(14)~~—The total of the credits claimed under this section
 16 and section 266a for a rehabilitation project shall not exceed 25%
 17 of the total qualified expenditures eligible for the credit under
 18 this section for ~~that~~ **a large nonresidential historic resource or**
 19 **medium nonresidential historic resource** rehabilitation project **or**
 20 **30% for a small nonresidential historic resource or residential**
 21 **historic resource rehabilitation project**.

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

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

1 year:

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

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

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

13 **(21)** ~~(16)~~ As used in this section:

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

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

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

25 (d) "Historic resource" means a publicly or privately owned
26 historic building, structure, site, object, feature, or open space
27 located within **and contributing to** a historic district designated
28 by the National Register of Historic Places, the state register of
29 historic sites, or a local unit acting under the local historic

districts act, 1970 PA 169, MCL 399.201 to 399.215; or that is individually listed on the state register of historic sites or National Register of Historic Places **and if a determination of eligibility for listing in the National Register of Historic Places has been issued by the office, historic resource includes any of the following:**

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

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

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

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

(e) "Large nonresidential historic resource" means, **for –a preapproval letter issued before January 1, 2026, a nonowner–occupied, non-owner-occupied,** income producing historic resource that has a rehabilitation plan with qualified expenditures of \$2,000,000.00 or more. **For a preapproval letter issued on and after**

January 1, 2026, "large nonresidential historic resource" means a non-owner-occupied, income producing historic resource that has a rehabilitation plan with qualified expenditures of \$10,000,000.00 or more.

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

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

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

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

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

(k) ~~(i)~~ "Qualified expenditures" means capital expenditures that qualify, or would qualify except that the qualified taxpayer entered into an agreement under subsection ~~(10)~~, ~~(14)~~, for a rehabilitation credit under section ~~47(a)(2)~~ ~~47~~ of the internal revenue code if the qualified taxpayer is eligible for the credit under section ~~47(a)(2)~~ ~~47~~ of the internal revenue code or, if the applicant is not eligible for the credit under section ~~47(a)(2)~~ ~~47~~ of the internal revenue code, the qualified expenditures that would qualify under section ~~47(a)(2)~~ ~~47~~ of the internal revenue code except that the expenditures are made to a historic resource that is not eligible for the credit under section ~~47(a)(2)~~ ~~47~~ of the internal revenue code that were paid. Qualified expenditures do not

1 include capital expenditures for nonhistoric additions to a
 2 historic resource except an addition that is required by state or
 3 federal regulations that relate to historic preservation, safety,
 4 or accessibility.

5 (l) ~~(j)~~ "Qualified taxpayer" means a person that is an assignee
 6 or reassignee under this section or section 266a, ~~or that either~~
 7 **directly or indirectly** owns the resource to be rehabilitated, or
 8 ~~that~~ has a long-term lease agreement, **development agreement, or**
 9 **purchase agreement** with the owner of the historic resource and ~~that~~
 10 ~~has qualified expenditures for the rehabilitation of the historic~~
 11 ~~resource that satisfies either of the following:~~

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

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

(m) ~~(k)~~ "Rehabilitation plan" means 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 under 36 CFR part 67.

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

(o) ~~(m)~~ "Small nonresidential historic resource" means, **for a preapproval letter issued before January 1, 2026, a nonowner-occupied, non-owner-occupied,** income producing historic resource that has a rehabilitation plan with qualified expenditures of less than \$2,000,000.00. **For a preapproval letter issued on and after January 1, 2026, "small nonresidential historic resource" means a historic resource that is primarily an income producing property that has a rehabilitation plan with qualified expenditures of less than \$1,000,000.00. A small nonresidential historic resource may be owner occupied if less than 50% of the total square footage is**

1 occupied by the owner or the property is occupied by the owner for
2 less than half of the calendar year.

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

7 Enacting section 1. This amendatory act does not take effect
8 unless Senate Bill No. ____ (request no. S00844'25) or House Bill
9 No. 4504 (request no. H00844'25) of the 103rd Legislature is
10 enacted into law.