



STATE OF MICHIGAN  
DEPARTMENT OF TREASURY  
LANSING

RICK SNYDER  
GOVERNOR

NICK A. KHOURI  
STATE TREASURER

**DATE:** February 9, 2016

**TO:** Ellen Jeffries, Director, Senate Fiscal Agency  
Mary Ann Cleary, Director, House Fiscal Agency  
Senator Dave Hildenbrand, Chairperson, Appropriation Committee  
Representative Al Pscholka, Chairperson, Appropriation Committee  
Senator Jack Brandenburg, Chairperson, Finance Committee  
Representative Jeff Farrington, Chairperson, Tax Policy Committee

**FROM:** Heather S. Frick, Executive Director  
State Tax Commission

**SUBJECT:** Obsolete Property Rehabilitation Act Exemption Report – 2014 & 2015 Tax Years

Please find attached one copy of the Obsolete Property Rehabilitation Act Exemption Report for both the 2014 and 2015 tax years. This report is required by Public Act 146 of 2000, the Obsolete Property Rehabilitation Act. Section 15 of the Act provides, in part, as follows:

- (1) The department annually shall prepare and submit to the committees of the house of representatives and senate responsible for tax policy and economic development issues a report on the utilization of obsolete property rehabilitation districts, based on the information filed with the commission

Attachment

cc: Tom Saxton, Chief Deputy Treasurer  
Wayne Workman, Deputy Treasurer of Local Government Services  
Howard Ryan, Legislative Liaison  
Ed Koryzno, Director, Bureau of Local Government Services  
Larry Steckelberg, Administrator, Property Services Division

# Michigan Department of Treasury Obsolete Property Rehabilitation Act Exemption Report

## 2014 & 2015 Tax Years

### **Background:**

Public Act 146 of 2000, as amended, the Obsolete Property Rehabilitation Act provides for property tax exemptions of commercial and commercial housing properties, excluding land, which are rehabilitated and meet the requirements of the Act. Exemptions are approved for a term of 1-12 years, as determined by the unit of local government.

There are two parts to the calculation of taxes owed on an Obsolete Property Rehabilitation Act exemption certificate. The first part of the tax calculation is based on the taxable value for the tax year immediately preceding the effective date of the exemption certificate, which is taxed against the full millage rates levied. The taxable value for the year immediately preceding the effective date of the exemption certificate is frozen for the duration of the exemption certificate, as issued by the State Tax Commission. The second part of the tax calculation is based on the current, also known as post-rehab, taxable value of the property which is taxed against only the school operating and State Education Taxes millage rates levied.

Additionally, the State Treasurer may, for a period not to exceed 6 years, exclude up to one half of the number of mills levied for school operating purposes and for the State Education Tax on the second part of the tax calculation only. The State Treasurer may not approve more than 25 additional exclusions annually.

Applications are filed, reviewed, and approved by the unit of local government, with the State Tax Commission responsible for final approval and issuance of exemption certificates. For the 2014 and 2015 tax years, there were 45 and 46 units of local government, respectively, participating in the program.

### **Activity:**

For the 2014 tax year, there were 299 properties receiving an exemption and for the 2015 tax year, there were 309 properties receiving an exemption. (See Table 1.) It is estimated through data provided by the unit of local government assessor's office that these projects have resulted in a total of 1,171 and 1,258 construction jobs created, 1,561 and 1,945 existing jobs being retained, and 1,241 and 1,262 new jobs have been created. It is further estimated that 484 and 587 new residents are occupying commercial housing properties covered by the exemption. These properties had a combined frozen taxable value totaling \$33,525,296 for 2014 and \$32,992,903 for 2015. These properties had a combined current taxable value totaling \$94,346,764 for 2014 and \$84,278,039 for 2015. The overall increase in taxable value for \$60,821,468 for 2014 and \$51,285,136 for 2015. (See Table 2.)

**Michigan Department of Treasury  
 Obsolete Property Rehabilitation Act Exemption Report**

**2014 & 2015 Tax Years**

**Table 1  
 Exemptions, Jobs and New Residents**

	<b>2014 Exemptions</b>	<b>2015 Exemptions</b>	<b>2014 Construction Jobs</b>	<b>2015 Construction Jobs</b>	<b>2014 Jobs Retained</b>	<b>2015 Jobs Retained</b>	<b>2014 Jobs Created</b>	<b>2015 Jobs Created</b>	<b>2014 New Residents</b>	<b>2015 New Residents</b>
Buena Vista Township	1	1	0	0	0	0	0	0	0	0
City of Adrian	7	5	0	0	0	0	0	0	0	0
City of Alma	5	5	20	20	6	6	6	6	6	6
City of Bad Axe	2	2	25	0	0	11	14	4	1	1
City of Battle Creek	8	8	0	0	0	567	0	36	0	0
City of Bay City	14	10	22	50	30	49	34	42	73	3
City of Benton Harbor	1	1	220	60	0	0	0	2	0	0
City of Big Rapids	8	8	55	55	103	103	34	34	9	9
City of Cadillac	4	3	0	0	0	0	26	18	0	0
City of Charlotte	1	2	0	0	0	0	50	50	0	0
City of Cheboygan	1	1	20	20	12	12	12	12	0	0
City of Coldwater	1	2	6	21	0	0	6	6	0	14
City of Dearborn	1	1	0	0	0	0	0	0	0	0
City of Detroit	64	71	0	0	0	0	0	0	0	0
City of Escanaba	15	15	48	48	36	36	43	43	14	14

**Michigan Department of Treasury  
 Obsolete Property Rehabilitation Act Exemption Report**

**2014 & 2015 Tax Years**

	<b>2014 Exemptions</b>	<b>2015 Exemptions</b>	<b>2014 Construction Jobs</b>	<b>2015 Construction Jobs</b>	<b>2014 Jobs Retained</b>	<b>2015 Jobs Retained</b>	<b>2014 Jobs Created</b>	<b>2015 Jobs Created</b>	<b>2014 New Residents</b>	<b>2015 New Residents</b>
City of Flint	2	3	0	0	0	0	0	50	0	0
City of Grand Rapids	20	26	276	497	64	71	172	284	72	91
City of Hartford	3	3	0	0	0	0	14	14	0	0
City of Harbor Beach	NA	1	NA	14	NA	0	NA	5	NA	0
City of Hillsdale	NA	3	NA	8	NA	20	NA	8	NA	0
City of Howell	1	1	0	0	0	0	0	0	0	0
City of Ionia	5	5	0	0	8	8	0	0	14	10
City of Ishpeming	1	1	6	2	0	3	1	5	3	8
City of Ithaca	1	1	15	15	0	0	2	2	1	4
City of Jackson	5	5	0	0	355	245	53	63	4	8
City of Lansing	29	30	0	0	0	0	0	0	0	0
City of Ludington	3	3	10	10	9	9	0	0	5	5
City of Melvindale	1	1	0	0	0	0	16	16	0	0
City of Monroe	19	18	46	46	112	104	51	63	23	23
City of Mount Clemens	1	1	0	0	0	0	0	0	0	0
City of Muskegon Heights	1	1	0	0	0	0	0	0	0	0
City of Muskegon	9	6	99	53	42	12	60	35	5	1

**Michigan Department of Treasury  
Obsolete Property Rehabilitation Act Exemption Report**

**2014 & 2015 Tax Years**

	<b>2014 Exemptions</b>	<b>2015 Exemptions</b>	<b>2014 Construction Jobs</b>	<b>2015 Construction Jobs</b>	<b>2014 Jobs Retained</b>	<b>2015 Jobs Retained</b>	<b>2014 Jobs Created</b>	<b>2015 Jobs Created</b>	<b>2014 New Residents</b>	<b>2015 New Residents</b>
City of Owosso	5	5	18	43	13	13	7	19	0	7
City of Pontiac	8	8	14	10	389	389	211	221	5	3
City of Port Huron	4	3	158	158	133	133	135	135	0	0
City of River Rouge	3	3	0	0	0	0	28	0	0	0
City of Saginaw	14	17	0	75	0	0	0	20	0	111
City of Sault. Ste. Marie	1	1	0	0	0	0	0	0	0	0
City of Sturgis	2	2	1	1	1	1	1	1	0	0
City of Taylor	1	1	0	0	0	0	109	0	0	0
City of Three Rivers	10	10	57	51	12	12	33	31	8	6
City of Trenton	1	1	0	0	0	0	0	0	0	0
City of Vassar	1	1	0	0	0	0	0	0	4	6
City of Warren	1	1	0	0	78	78	78	78	223	243
City of Wyandotte	8	5	0	0	138	58	0	0	0	0
City of Ypsilanti	6	7	55	5	20	5	45	5	14	14
<b>Total</b>	<b>299</b>	<b>309</b>	<b>1,171</b>	<b>1,262</b>	<b>1,561</b>	<b>1,945</b>	<b>1,241</b>	<b>1,258</b>	<b>484</b>	<b>587</b>

**Michigan Department of Treasury  
Obsolete Property Rehabilitation Act Exemption Report**

**2014 & 2015 Tax Years**

**Table 2  
Frozen and Current Value**

	<b>2014 Total Frozen Taxable Value</b>	<b>2014 Total Current Taxable Value</b>	<b>Net Increase/(Loss)</b>	<b>2015 Total Frozen Taxable Value</b>	<b>2015 Total Current Taxable Value</b>	<b>Net Increase/(Loss)</b>
Buena Vista Township	\$0	\$0	\$0	\$77,161	\$0	(\$77,161)
City of Adrian	\$281,990	\$188,959	(\$93,031)	\$257,350	\$105,010	(\$152,340)
City of Alma	\$177,041	\$455,185	\$278,144	\$177,041	\$455,965	\$278,924
City of Bad Axe	\$47,900	\$108,300	\$60,400	\$47,900	\$87,566	\$39,666
City of Battle Creek	\$4,888,371	\$4,672,498	(\$215,873)	\$4,888,371	\$10,133,234	\$5,244,863
City of Bay City	\$641,376	\$6,706,280	\$6,064,904	\$237,088	\$323,700	\$86,612
City of Benton Harbor	\$74,149	\$96,355	\$22,206	\$18,538	\$245,900	\$227,362
City of Big Rapids	\$1,009,454	\$625,442	(\$384,012)	\$1,009,454	\$537,988	(\$471,466)
City of Cadillac	\$265,200	\$409,576	\$144,376	\$211,300	\$302,227	\$90,927
City of Charlotte	\$217,343	\$633,912	\$416,569	\$217,343	\$393,803	\$176,460
City of Cheboygan	\$24,789	\$369,409	\$344,620	\$24,789	\$359,900	\$335,111
City of Coldwater	\$21,000	\$38,437	\$17,437	\$55,061	\$141,601	\$86,540
City of Dearborn	\$944,800	\$14,021,650	\$13,076,850	\$944,800	\$10,944,800	\$10,000,000
City of Detroit	\$7,800,319	\$36,234,783	\$28,434,464	\$6,615,628	\$29,676,170	\$23,060,542
City of Escanaba	\$425,814	\$1,509,866	\$1,084,052	\$425,814	\$1,489,037	\$1,063,223

**Michigan Department of Treasury  
Obsolete Property Rehabilitation Act Exemption Report**

**2014 & 2015 Tax Years**

	<b>2014 Total Frozen Taxable Value</b>	<b>2014 Total Current Taxable Value</b>	<b>Net Increase/(Loss)</b>	<b>2015 Total Frozen Taxable Value</b>	<b>2015 Total Current Taxable Value</b>	<b>Net Increase/(Loss)</b>
City of Flint	\$150,600	\$150,600	\$0	\$341,874	\$341,874	\$0
City of Grand Rapids	\$2,012,628	\$5,751,971	\$3,739,343	\$3,059,466	\$8,021,799	\$4,962,333
City of Hartford	\$124,160	\$124,160	\$0	\$124,160	\$124,160	\$0
City of Harbor Beach	NA	NA	NA	\$28,300	\$56,000	\$27,700
City of Hillsdale	NA	NA	NA	\$198,350	\$280,950	\$82,600
City of Howell	\$283,051	\$283,051	\$0	\$283,054	\$423,851	\$140,797
City of Ionia	\$151,687	\$66,393	(\$85,294)	\$151,687	\$81,394	(\$70,293)
City of Ishpeming	\$70,015	\$70,015	\$0	\$70,015	\$70,015	\$0
City of Ithaca	\$19,300	\$20,624	\$1,324	\$19,339	\$19,339	\$0
City of Jackson	\$289,368	\$1,232,550	\$943,182	\$289,368	\$1,181,163	\$891,795
City of Lansing	\$4,352,833	\$7,313,575	\$2,960,742	\$4,477,333	\$6,354,655	\$1,877,322
City of Ludington	\$266,299	\$525,461	\$259,162	\$266,299	\$533,297	\$266,998
City of Melvindale	\$153,114	\$353,114	\$200,000	\$153,114	\$353,114	\$200,000
City of Monroe	\$853,290	\$964,780	\$111,490	\$983,880	\$1,408,730	\$424,850
City of Mount Clemens	\$85,000	\$412,262	\$327,262	\$85,000	\$406,172	\$321,172
City of Muskegon Heights	\$10,800	\$10,800	\$0	\$10,800	\$10,800	\$0
City of Muskegon	\$549,490	\$835,987	\$286,497	\$279,926	\$65,690	(\$214,236)

**Michigan Department of Treasury  
Obsolete Property Rehabilitation Act Exemption Report**

**2014 & 2015 Tax Years**

	<b>2014 Total Frozen Taxable Value</b>	<b>2014 Total Current Taxable Value</b>	<b>Net Increase/(Loss)</b>	<b>2015 Total Frozen Taxable Value</b>	<b>2015 Total Current Taxable Value</b>	<b>Net Increase/(Loss)</b>
City of Owosso	\$133,950	\$277,865	\$143,915	\$133,950	\$280,165	\$146,215
City of Pontiac	\$3,096,580	\$1,453,610	(\$1,642,970)	\$3,118,147	\$1,475,930	(\$1,642,217)
City of Port Huron	\$495,800	\$495,800	\$0	\$495,850	\$175,450	(\$320,400)
City of River Rouge	\$112,766	\$218,062	\$105,296	\$112,786	\$252,235	\$139,449
City of Saginaw	\$824,735	\$623,617	(\$201,118)	\$679,804	\$1,519,460	\$839,656
City of Sault. Ste. Marie	\$80,500	\$83,978	\$3,478	\$80,500	\$80,500	\$0
City of Sturgis	\$182,700	\$80,000	(\$102,700)	\$182,731	\$80,000	(\$102,731)
City of Taylor	\$0	\$0	\$0	\$0	\$0	\$0
City of Three Rivers	\$160,982	\$521,393	\$360,411	\$136,066	\$452,396	\$316,330
City of Trenton	\$81,600	\$667,869	\$586,269	\$81,600	\$81,600	\$0
City of Vassar	\$42,300	\$79,400	\$37,100	\$42,300	\$45,700	\$3,400
City of Warren	\$1,152,190	\$3,362,250	\$2,210,060	\$1,152,190	\$3,416,040	\$2,263,850
City of Wyandotte	\$600,940	\$1,751,148	\$1,150,208	\$301,140	\$934,950	\$633,810
City of Ypsilanti	\$369,072	\$545,777	\$176,705	\$446,236	\$553,709	\$107,473
<b>Total</b>	<b>\$33,525,296</b>	<b>\$94,346,764</b>	<b>\$60,821,468</b>	<b>\$32,992,903</b>	<b>\$84,278,039</b>	<b>\$51,285,136</b>