



STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

RICK SNYDER
GOVERNOR

NICK A. KHOURI
STATE TREASURER

DATE: December 12, 2017

TO: Ellen Jeffries, Director, Senate Fiscal Agency
Mary Ann Cleary, Director, House Fiscal Agency
Senator Dave Hildenbrand, Chairperson, Appropriation Committee
Representative Laura Cox, Chairperson, Appropriation Committee
Senator Jack Brandenburg, Chairperson, Finance Committee
Representative Jim Tedder, Chairperson, Tax Policy Committee

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

SUBJECT: Commercial Redevelopment Act Exemption Report – 2016 & 2017 Tax Years

Please find attached one copy of the Commercial Redevelopment Act Exemption Report for the 2016 and 2017 tax years. The report is required by Public Act 215 of 1978, the Commercial Redevelopment Act. Section 17 of the Act provides, in part, as follows:

(1) The department annually shall prepare and submit to the taxation and economic development and energy committees of the house of representatives and the finance and corporation and economic development committees of the senate a report on the utilization of commercial redevelopment districts, based on the information filed with the commission.

Attachment

cc: Joseph Fielek, Chief Deputy Treasurer
Dr. Eric Scorsone, Senior Deputy State Treasurer
Howard Ryan, Legislative Liaison
Ed Koryzno, Director, Bureau of Local Government and School Services

Michigan Department of Treasury Commercial Redevelopment Act Exemption Report

2016 and 2017 Tax Years

Background:

The Commercial Redevelopment Act, Public Act 215 of 1978, as amended, provides property tax exemptions for the new construction, restoration and/or replacement of commercial property for the primary purpose and use as a commercial business enterprise. Exemptions are approved for a term of 1-12 years, as determined by the unit of local government. The property taxes for the restored property are based on the taxable value for the tax year immediately preceding the effective date of the exemption. The taxable value is frozen for the duration of the exemption and taxed against the full community millage rate. The property taxes for the newly constructed or replacement property are based on the current taxable value. The property taxes for new or replacement property are 50% of the ad valorem millage rate. Applications are filed, reviewed and approved by the local governmental unit. An additional request for the state treasurer's SET exclusion is submitted to the Department of Treasury. For 2016, there were thirteen local governmental units participating in the Commercial Redevelopment program and for the 2017 tax year there were sixteen local governmental units participating in the Commercial Redevelopment program.

Activity:

For the 2016 tax year, there were 23 properties receiving a Commercial Redevelopment Exemption. (See Table 1) It is estimated, through data provided by the local government assessor,¹ that these projects have resulted in 784 construction jobs, 455 existing jobs retained, and 412 new jobs created. These properties are comprised of replacement, and new facilities with an estimated current taxable value of \$5,815,887. (See Tables 2 & 3)

For the 2017 tax year, there were 26 properties receiving a Commercial Redevelopment Exemption. (See Table 1) It is estimated, through data provided by the local government assessor,¹ that these projects resulted in 980 construction jobs, 751 existing jobs retained, and 709 new jobs created. These properties were comprised of replacement, restoration, and new facilities with a total current taxable value of \$16,807,394. (See Tables 2 & 3)

¹ As determined from data provided by the local government assessor

**Michigan Department of Treasury
Commercial Redevelopment Act Exemption Report**

2016 and 2017 Tax Years

Table 1

Commercial Redevelopment Exemptions and Jobs

	2017 Exemptions	2016 Exemptions	2017 Construction Jobs	2016 Construction Jobs	2017 Jobs Retained	2016 Jobs Retained	2017 Jobs Created	2016 Jobs Retained
City of Alma	2	1	9	8	18	18	1	0
Village of Brooklyn	1	NA	0	NA	0	NA	0	NA
City of Center Line	2	2	165	165	130	130	20	20
City of Detroit	1	1	20	0	50	0	35	0
City of East Jordan	1	1	0	0	0	0	0	0
City of Gaylord	2	2	60	70	117	75	126	75
Village of Lake Orion	1	1	0	100	0	0	65	50
City of Manistique	1	NA	35	NA	10	NA	5	NA
City of Marquette	1	NA	400	NA	150	NA	150	NA
City of Muskegon	2	2	0	0	0	0	0	0
City of Owosso	1	1	20	20	29	29	12	12
City of Perry	1	1	5	5	24	0	20	0
City of Warren	1	1	0	150	35	35	40	40
City of Westland	2	2	45	45	25	25	34	34
City of Wyandotte	6	7	176	176	157	137	199	179
City of Zeeland	1	1	45	45	6	6	2	2
Total	26	23	980	784	751	455	709	412

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2016 and 2017 Tax Years

Table 2

Commercial Redevelopment Frozen and Current Taxable Values ¹

	2017 Frozen Value	2016 Frozen Value	2017 Current Value	2016 Current Value
City of Alma	\$ 28,278	\$ -	\$ 308,525.00	\$ 9,900
Village of Brooklyn	\$ -	\$ -	\$ 328,600.00	\$ -
City of Center Line	\$ -	\$ -	\$ 2,353,800.00	\$ 2,165,201
City of Detroit	\$ 9,429	\$ 9,429	\$ 79,700.00	\$ 79,700
City of East Jordan	\$ -	\$ -	\$ 232,300.00	\$ -
City of Gaylord	\$ 628,234	\$ 628,234	\$ 591,421.00	\$ 737,948
Village of Lake Orion	\$ 94,190	\$ 94,190	\$ 94,190.00	\$ 94,190
City of Manistique	\$ -	\$ -	\$ 775,500.00	\$ -
City of Marquette	\$ -	\$ -	\$ 5,995,900.00	\$ -
City of Muskegon	\$ 132,900	\$ 132,900	\$ 136,555.00	\$ 135,337
City of Owosso	\$ -	\$ -	\$ 187,700.00	\$ 187,700
City of Perry	\$ -	\$ -	\$ 200,000.00	\$ 200,000
City of Warren	\$ 451,540	\$ 451,540	\$ 2,385,680.00	\$ 484,220
City of Westland	\$ 376,600	\$ 376,600	\$ 356,650.00	\$ 356,650
City of Wyandotte	\$ 285,987	\$ 409,200	\$ 2,380,173.00	\$ 1,351,241
City of Zeeland	\$ 0	\$ -	\$ 400,700.00	\$ 13,800
Total	\$ 2,007,158	\$ 2,102,093	\$ 16,807,394.00	\$ 5,815,887

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2016 and 2017 Tax Years

**Table 3
Commercial Redevelopment Facility Types**

	New	Replacement	Restoration
City of Alma	0	1	0
Village of Brooklyn	0	0	1
City of Center Line	2	0	0
City of Detroit	0	0	1
City of East Jordan	1	0	0
City of Gaylord	0	0	2
Village of Lake Orion	0	0	1
City of Manistique	1	0	0
City of Marquette	1	0	0
City of Muskegon	1	1	0
City of Owosso	0	1	0
City of Perry	1	0	0
City of Warren	1	0	0
City of Westland	0	0	2
City of Wyandotte	3	0	4
City of Zeeland	1	0	0
Total	12	3	11