



STATE OF MICHIGAN  
DEPARTMENT OF TREASURY  
LANSING

RICK SNYDER  
GOVERNOR

NICK A. KHOURI  
STATE TREASURER

**DATE:** December 13, 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:** Commercial Rehabilitation Act Exemption Report – 2015 & 2016 Tax  
Years

Please find attached one copy of the Commercial Rehabilitation Act Exemption Report for both the 2015 and 2016 tax years. This report is required by Public Act 210 of 2005, the Commercial 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 commercial rehabilitation districts, based on the information filed with the commission

Attachment

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

# Michigan Department of Treasury Commercial Rehabilitation Act Exemption Report

## 2015 & 2016 Tax Years

### **Background:**

Public Act 210 of 2005, as amended, the Commercial Rehabilitation Act provides for property tax exemptions of commercial, multifamily residential and qualified retail food establishment properties, excluding land, which are rehabilitated and meet the requirements of the Act. Exemptions are approved for a term of 1-10 years, as determined by the unit of local government.

There are two parts to the calculation of taxes owed on a Commercial 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.

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 2015 and 2016 tax years, there were 38 and 46 units of local government, respectively, participating in the program.

### **Activity:**

For the 2015 tax year, there were 74 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 1,418 construction jobs created, 705 existing jobs being retained, and 562 new jobs have been created. These properties had a combined frozen taxable value totaling \$17,899,280 for 2015. These properties had a combined current taxable value totaling \$47,799,830 for 2015. The overall increase in taxable value for 2015 is \$30,537,339. (See Table 2.)

For the 2016 tax year, there were 104 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 1,106 construction jobs created, 1,203 existing jobs being retained, and 938 new jobs have been created. These properties had a combined frozen taxable value totaling \$30,298,090 for 2016. These properties had a combined current taxable value totaling \$68,307,710 for 2016. The overall increase in taxable value for 2016 is \$38,009,620. (See Table 2.)

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**2015 & 2016 Tax Years**

**Table 1  
Exemptions and Jobs**

Table 1 Page 1 of 3	2015 Exemptions	2016 Exemptions	2015 Construction Jobs	2016 Construction Jobs	2015 Jobs Created	2016 Jobs Created	2015 Jobs Retained	2016 Jobs Retained
Village of Almont	3	3	0	0	0	0	0	0
City of Alpena	3	3	85	85	45	45	17	17
City of Auburn Hills	1	1	25	25	0	0	65	65
City of Au Gres	3	4	0	6	0	5	0	8
Village of Baroda	2	1	0	0	0	0	0	0
City of Battle Creek	1	1	0	0	2	6	33	33
City of Bay City	1	1	0	40	0	0	0	0
City of Benton Harbor	1	1	0	0	0	133	0	31
Township of Big Rapids	1	1	62	62	30	15	30	30
City of Bridgman	0	1	N/A	0	N/A	0	N/A	0
Township of Brownstown	0	2	N/A	20	N/A	136	N/A	0
Township of Calumet	1	1	5	5	1	1	1	1
Township of Clam Lake	2	2	13	13	5	5	5	5
Township of Delta	1	1	0	0	0	0	0	0
City of Detroit	13	29	0	0	0	0	0	0

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Table 1 Page 2 of 3	2015 Exemptions	2016 Exemptions	2015 Construction Jobs	2016 Construction Jobs	2015 Jobs Created	2016 Jobs Created	2015 Jobs Retained	2016 Jobs Retained
Township of DeWitt	3	3	42	32	2	1	7	23
City of Flint	2	2	0	0	0	0	0	0
Township of Flint	0	1	N/A	15	N/A	3	N/A	6
City of Gladwin	1	1	118	118	21	21	33	33
City of Grand Rapids	0	1	N/A	9	N/A	6	N/A	14
City of Grandville	1	0	0	N/A	0	N/A	20	N/A
City of Grosse Pointe	0	1	N/A	0	N/A	0	N/A	0
Township of Hampton	0	2	N/A	80	N/A	31	N/A	1
City of Harrison	1	1	10	10	6	6	6	6
City of Hillsdale	6	7	40	50	31	31	91	91
Township of Inverness	1	1	100	100	8	8	29	29
City of Jonesville	1	1	0	0	0	0	0	0
City of Livonia	1	3	0	0	0	35	0	0
Village of Mancelona	1	1	0	0	0	0	0	0
City of Marlette	1	1	40	40	80	80	80	60
City of Marquette	0	1	N/A	15	N/A	25	N/A	52

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Table 1 Page 3 of 3	2015 Exemptions	2016 Exemptions	2015 Construction Jobs	2016 Construction Jobs	2015 Jobs Created	2016 Jobs Created	2015 Jobs Retained	2016 Jobs Retained
City of Morenci	N/A	2	N/A	0	N/A	0	N/A	0
City of Milan	1	1	0	12	0	0	0	15
City of Muskegon	4	4	52	64	38	38	6	6
Township of Niles	1	1	25	25	20	20	20	20
City of Novi	1	1	485	0	42	0	0	0
Township of Plainfield	1	1	20	20	7	25	15	15
City of Pontiac	0	1	N/A	95	N/A	5	N/A	28
City of Reed City	2	2	0	0	11	11	45	45
City of Roseville	0	2	N/A	0	N/A	100	N/A	90
City of St. Johns	0	2	N/A	22	N/A	10	N/A	7
City of Southfield	3	2	22	15	13	50	7	485
Village of Stevensville	0	1	N/A	25	N/A	8	N/A	0
Township of Sturgis	0	1	N/A	0	N/A	0	N/A	0
Township of Washington	1	1	0	0	0	0	0	10
City of Whitehall	1	1	6	15	0	20	0	0
City of Zeeland	0	4	N/A	88	N/A	38	N/A	4
<b>Total</b>	<b>63</b>	<b>106</b>	<b>761</b>	<b>1,106</b>	<b>695</b>	<b>918</b>	<b>1,994</b>	<b>1,230</b>

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**2015 & 2016 Tax Years**

**Table 2  
Frozen and Current Value**

Table 2 Page 1 of 3	2015 Frozen Taxable Value	2015 Current Taxable Value	Net Increase (Loss)	2016 Frozen Taxable Value	2016 Current Taxable Value	Net Increase (Loss)
Village of Almont	\$1,133,039	\$1,132,900	(\$139)	\$1,133,039	\$1,132,900	(\$139)
City of Alpena	\$230,900	\$865,233	\$634,333	\$230,900	\$1,123,928	\$893,028
City of Auburn Hills	\$1,147,740	\$826,820	(\$320,920)	\$1,147,740	\$800,990	(\$346,750)
City of Au Gres	\$53,209	\$152,400	\$99,191	\$60,350	\$60,350	\$0
Village of Baroda	\$39,424	\$83,200	\$43,776	\$13,324	\$38,000	\$24,676
City of Battle Creek	\$24,493	\$367,100	\$342,607	\$24,493	\$365,960	\$341,467
City of Bay City	\$39,250	\$1,873,813	\$1,834,563	\$39,250	\$1,879,534	\$1,840,284
City of Benton Harbor	\$177,697	\$15,474,057	\$15,296,360	\$177,697	\$15,474,057	\$15,296,360
Township of Big Rapids	\$83,900	\$83,900	\$0	\$83,900	\$83,900	\$0
City of Bridgman	N/A	N/A	N/A	\$144,800	\$144,800	\$0
Township of Brownstown	N/A	N/A	N/A	\$332,220	\$1,399,800	\$1,067,580
Township of Calumet	\$135,000	\$135,000	\$0	\$113,800	\$135,000	\$21,200
Township of Clam Lake	\$230,900	\$94,600	(\$136,300)	\$230,900	\$95,785	(\$135,115)
Township of Delta	\$2,495,800	\$2,495,800	\$0	\$2,495,800	\$2,495,800	\$0
City of Detroit	\$5,193,294	\$13,469,076	\$8,275,782	\$6,982,487	\$14,162,145	\$7,179,658
Township of DeWitt	\$124,800	\$87,736	(\$37,064)	\$324,800	\$126,510	(\$198,290)

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Table 2 Page 2 of 3	2015 Frozen Taxable Value	2015 Current Taxable Value	Net Increase (Loss)	2016 Frozen Taxable Value	2016 Current Taxable Value	Net Increase (Loss)
City of Flint	\$501,200	\$501,200	\$0	\$501,200	\$6,108,000	\$5,606,800
Township of Flint	N/A	N/A	N/A	\$131,400	\$131,400	\$0
City of Gladwin	\$67,000	\$308,965	\$241,965	\$67,000	\$309,891	\$242,891
City of Grand Rapids	N/A	N/A	N/A	\$506,620	\$585,634	\$79,014
City of Grandville	\$0	\$0	\$0	N/A	N/A	N/A
City of Grosse Pointe	N/A	N/A	N/A	\$424,500	\$424,500	\$0
Township of Hampton	N/A	N/A	N/A	\$3,346	\$853,800	\$850,454
City of Harrison	\$629,202	\$269,900	(\$359,302)	\$629,202	\$270,709	(\$358,493)
City of Hillsdale	\$998,089	\$1,359,389	\$998,089	\$1,706,689	\$1,981,285	\$274,596
Township of Inverness	\$131,139	\$1,174,529	\$1,043,390	\$131,139	\$1,186,800	\$1,055,661
City of Jonesville	\$20,596	\$50,389	\$29,793	\$20,596	\$50,540	\$29,944
City of Livonia	\$466,550	\$466,550	\$0	\$1,389,760	\$1,389,760	\$0
Village of Mancelona	\$144,700	\$133,100	(\$11,600)	\$144,700	\$131,600	(\$13,100)
City of Marlette	\$569,781	\$569,781	\$0	\$569,781	\$569,781	\$0
City of Marquette	N/A	N/A	N/A	\$218,301	\$172,200	(\$46,101)
City of Milan	\$183,037	\$180,590	(\$2,447)	\$183,037	\$214,331	\$31,294
City of Morenci	N/A	N/A	N/A	\$56,000	\$145,780	\$89,780

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Table 2 Page 3 of 3	2015 Frozen Taxable Value	2015 Current Taxable Value	Net Increase (Loss)	2016 Frozen Taxable Value	2016 Current Taxable Value	Net Increase (Loss)
City of Muskegon	\$1,884,000	\$182,792	(\$1,701,208)	\$1,884,000	\$218,339	(\$1,665,661)
Township of Niles	\$330,185	\$330,185	\$0	\$330,185	\$330,185	\$0
City of Novi	\$0	\$3,837,530	\$3,837,530	\$0	\$3,849,040	\$3,849,040
Township of Plainfield	\$424,700	\$596,600	\$171,900	\$424,700	\$597,115	\$172,415
City of Pontiac	N/A	N/A	N/A	\$2,068,350	\$405,840	(\$1,662,510)
City of Reed City	\$228,455	\$306,016	\$77,561	\$228,455	\$83,561	(\$144,894)
City of Roseville	N/A	N/A	N/A	\$327,694	\$3,762,000	\$3,434,306
City of St. Johns	\$95,100	\$101,679	\$6,579	\$95,100	\$101,679	\$6,579
City of Southfield	N/A	N/A	N/A	\$4,289,522	\$4,289,522	\$0
Village of Stevensville	N/A	N/A	N/A	\$0	\$11,800	\$11,800
Township of Sturgis	N/A	N/A	N/A	\$130,054	\$139,400	\$9,346
Township of Washington	\$71,500	\$282,100	\$210,600	\$71,500	\$282,100	\$210,600
City of Whitehall	\$44,600	\$6,900	(\$37,700)	\$44,600	\$6,500	(\$38,100)
City of Zeeland	N/A	N/A	N/A	\$185,159	\$185,159	\$0
<b>Total</b>	<b>\$17,899,280</b>	<b>\$47,799,830</b>	<b>\$30,537,339</b>	<b>\$30,298,090</b>	<b>\$68,307,710</b>	<b>\$38,009,620</b>