



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: Obsolete Property Rehabilitation Act Exemption Report – 2016 & 2017 Tax Years

Please find attached one copy of the Obsolete Property Rehabilitation Act Exemption Report for both the 2016 and 2017 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: 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 Obsolete Property Rehabilitation Act Exemption Report

2016 & 2017 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 2016 and 2017 tax years, there were 46 and 47 units of local government, respectively, participating in the program.

Activity:

For the 2016 tax year, there were 311 properties receiving an exemption and for the 2017 tax year, there were 322 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 3,352 and 1,509 construction jobs created, 3,972 and 5,537 existing jobs being retained, and 2,384 and 2,297 new jobs have been created. It is further estimated that 764 and 450 new residents are occupying commercial housing properties covered by the exemption. These properties had a combined frozen taxable value totaling \$40,814,185 for 2016 and \$43,092,801 for 2017. These properties had a combined current taxable value totaling \$99,243,316 for 2016 and \$113,310,173 for 2017. This is an overall increase in taxable value of \$70,217,372 from 2016 to 2017. (See Table 2.)

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

2016 & 2017 Tax Years

Table 1

Exemptions, Jobs and New Residents

	2017 Exemptions	2016 Exemptions	2017 Construction Jobs	2016 Construction Jobs	2017 Jobs Retained	2016 Jobs Retained	2017 Jobs Created	2016 Jobs Created	2017 New Residents	2016 New Residents
City of Adrian	3	4	0	0	0	0	0	0	0	0
City of Albion	1	1	0	0	0	0	0	0	0	0
City of Alma	5	5	0	20	0	6	0	6	0	6
City of Bad Axe	4	3	66	0	20	11	32	4	1	1
City of Battle Creek	9	8	0	2,081	4471	2,731	706	507	0	0
City of Bay City	15	11	14	7	21	15	48	5	0	0
City of Benton Harbor	1	1	0	0	5	0	5	0	0	0
City of Big Rapids	5	8	18	55	9	103	72	34	4	9
City of Cadillac	3	3	0	0	0	0	18	18	0	0
City of Charlotte	2	2	0	0	13	13	50	0	0	0
City of Coldwater	2	2	56	56	0	0	6	6	14	14
City of Dearborn	2	2	0	0	0	0	0	0	0	0
City of Detroit	79	70	0	0	0	0	0	0	0	0
City of Escanaba	11	13	31	36	26	26	19	23	3	11
City of Ferndale	1	NA	37	NA	30	NA	5	NA	0	NA
City of Flint	5	4	0	0	0	0	0	0	0	0

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

2016 & 2017 Tax Years

	2017 Exemptions	2016 Exemptions	2017 Construction Jobs	2016 Construction Jobs	2017 Jobs Retained	2016 Jobs Retained	2017 Jobs Created	2016 Jobs Created	2017 New Residents	2016 New Residents
City of Grand Rapids	33	31	612	590	82	71	359	350	214	192
City of Harbor Beach	1	1	14	14	0	0	5	5	0	0
City of Hartford	1	3	0	0	0	0	2	14	0	0
City of Hillsdale	4	5	59	26	0	20	0	8	35	0
City of Howell	1	1	0	0	0	0	0	0	0	0
City of Ionia	4	5	0	0	5	8	0	0	9	8
City of Ishpeming	1	1	4	4	5	5	5	5	10	10
City of Ithaca	NA	1	NA	15	NA	0	NA	2	NA	4
City of Jackson	4	4	0	0	215	215	63	63	4	63
City of Lansing	30	31	68	68	73	73	571	794	4	42
City of Ludington	5	3	0	10	0	9	0	0	0	5
City of Manistee	1	NA	0	NA	0	NA	0	NA	0	NA
City of Marshall	1	NA	0	NA	0	NA	0	NA	0	NA
City of Melvindale	1	1	0	0	0	0	16	16	0	0
City of Monroe	18	19	0	30	0	5	61	60	15	19
City of Mount Clemens	1	1	0	0	0	0	0	0	0	0
City of Muskegon	5	4	38	12	0	0	16	5	2	0
City of Muskegon Heights	1	1	0	0	0	0	0	0	0	0
City of Oak Park	1	1	0	0	0	0	0	0	0	0

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

2016 & 2017 Tax Years

	2017 Exemptions	2016 Exemptions	2017 Construction Jobs	2016 Construction Jobs	2017 Jobs Retained	2016 Jobs Retained	2017 Jobs Created	2016 Jobs Created	2017 New Residents	2016 New Residents
City of Owosso	7	4	89	43	9	13	57	19	0	7
City of Pontiac	4	6	143	10	338	389	61	181	0	5
City of Port Huron	5	5	184	194	92	102	135	135	4	0
City of River Rouge	2	3	0	0	0	0	0	0	0	0
City of Saginaw	16	14	75	75	0	0	20	20	111	103
City of Sandusky	1	1	0	0	0	0	0	0	0	0
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 Three Rivers	9	11	0	0	12	12	20	20	6	6
City of Trenton	1	1	0	0	0	0	0	0	0	0
City of Vassar	1	1	0	0	0	0	6	0	0	0
City of Warren	NA	1	NA	0	NA	78	NA	78	NA	243
City of Wyandotte	4	5	0	0	47	61	0	0	0	0
City of Ypsilanti	8	6	0	5	0	5	1	5	14	16
Total	322	311	1,509	3,352	5,537	3,972	2,297	2,384	450	764

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

2016 & 2017 Tax Years

**Table 2
Frozen and Current Value**

	2017 Total Frozen Taxable Value	2017 Total Current Taxable Value	Net Increase/(Loss)	2016 Total Frozen Taxable Value	2016 Total Current Taxable Value	Net Increase/(Loss)
City of Adrian	\$179,250	\$76,932	(\$102,318)	\$225,830	\$90,105	(\$135,725)
City of Albion	\$66,324	\$281,255	\$214,931	\$64,324	\$66,400	\$2,076
City of Alma	\$177,041	\$461,918	\$284,877	\$177,041	\$456,112	\$279,071
City of Bad Axe	\$693,600	\$192,017	(\$501,583)	\$668,100	\$87,827	(\$580,273)
City of Battle Creek	\$4,261,912	\$9,324,113	\$5,062,201	\$4,888,371	\$10,164,241	\$5,275,870
City of Bay City	\$1,622,193	\$1,594,345	(\$27,848)	\$1,088,905	\$1,073,880	(\$15,025)
City of Benton Harbor	\$18,538	\$246,637	\$228,099	\$18,538	\$245,900	\$227,362
City of Big Rapids	\$419,705	\$327,577	(\$92,128)	\$1,009,454	\$537,988	(\$471,466)
City of Cadillac	\$211,300	\$0	(\$211,300)	\$211,300	\$297,125	\$85,825
City of Charlotte	\$254,843	\$398,538	\$143,695	\$254,843	\$394,984	\$140,141
City of Coldwater	\$62,211	\$418,136	\$355,925	\$55,061	\$340,275	\$285,214
City of Dearborn	\$1,269,800	\$12,265,000	\$10,995,200	\$1,269,800	\$2,175,000	\$905,200
City of Detroit	\$12,352,455	\$44,373,050	\$32,020,595	\$9,630,816	\$40,736,492	\$31,105,676
City of Escanaba	\$324,797	\$435,535	\$110,738	\$286,397	\$1,233,796	\$947,399
City of Ferndale	\$183,360	\$0	(\$183,360)	NA	NA	NA
City of Flint	\$839,774	\$3,433,131	\$2,593,357	\$389,774	\$2,297,474	\$1,907,700

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

2016 & 2017 Tax Years

	2017 Total Frozen Taxable Value	2017 Total Current Taxable Value	Net Increase/(Loss)	2016 Total Frozen Taxable Value	2016 Total Current Taxable Value	Net Increase/(Loss)
City of Grand Rapids	\$4,052,315	\$18,204,808	\$14,152,493	\$3,619,585	\$13,844,002	\$10,224,417
City of Hartford	\$38,100	\$38,100	\$0	\$124,160	\$124,160	\$0
City of Harbor Beach	\$28,300	\$27,700	(\$600)	\$28,300	\$56,000	\$27,700
City of Hillsdale	\$216,410	\$695,106	\$478,696	\$261,350	\$331,650	\$70,300
City of Howell	\$283,051	\$597,859	\$314,808	\$283,051	\$595,051	\$312,000
City of Ionia	\$123,515	\$25,800	(\$97,715)	\$151,687	\$77,170	(\$74,517)
City of Ishpeming	\$70,015	\$70,015	\$0	\$70,015	\$70,015	\$0
City of Ithaca	NA	NA	NA	\$19,339	\$19,339	\$0
City of Jackson	\$206,150	\$955,573	\$749,423	\$206,150	\$947,000	\$740,850
City of Lansing	\$4,625,533	\$7,546,070	\$2,920,537	\$4,502,533	\$9,141,300	\$4,638,767
City of Ludington	\$332,589	\$0	(\$332,589)	\$266,299	\$534,106	\$267,807
City of Manistee	\$45,806	\$0	(\$45,806)	NA	NA	NA
City of Marshall	\$39,949	\$85,700	\$45,751	NA	NA	NA
City of Melvindale	\$153,114	\$353,114	\$200,000	\$153,114	\$353,114	\$200,000
City of Monroe	\$746,820	\$1,534,770	\$787,950	\$843,640	\$1,379,240	\$535,600
City of Mount Clemens	\$85,000	\$325,034	\$240,034	\$85,000	\$322,135	\$237,135
City of Muskegon	\$505,371	\$24,660	(\$480,711)	\$208,826	\$91,965	(\$116,861)
City of Muskegon Heights	\$13,800	\$10,800	(\$3,000)	\$10,800	\$10,800	\$0
City of Oak Park	\$2,175,000	\$2,175,200	\$200	\$2,175,200	\$0	(\$2,175,200)

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	2017 Total Frozen Taxable Value	2017 Total Current Taxable Value	Net Increase/(Loss)	2016 Total Frozen Taxable Value	2016 Total Current Taxable Value	Net Increase/(Loss)
City of Owosso	\$382,132	\$1,170,728	\$788,596	\$133,950	\$889,200	\$755,250
City of Pontiac	\$2,786,190	\$1,327,550	(\$1,458,640)	\$2,974,907	\$1,509,810	(\$1,465,097)
City of Port Huron	\$626,672	\$626,672	\$0	\$1,006,700	\$1,006,700	\$0
City of River Rouge	\$84,900	\$90,931	\$6,031	\$112,766	\$122,717	\$9,951
City of Saginaw	\$917,982	\$1,525,343	\$607,361	\$575,261	\$1,439,166	\$863,905
City of Sandusky	\$41,900	\$41,900	\$0	\$41,900	\$41,900	\$0
City of Sault. Ste. Marie	\$80,500	\$62,500	(\$18,000)	\$80,500	\$60,300	(\$20,200)
City of Sturgis	\$182,731	\$75,000	(\$107,731)	\$182,731	\$80,000	(\$102,731)
City of Three Rivers	\$169,707	\$436,771	\$267,064	\$152,482	\$495,688	\$343,206
City of Trenton	\$81,600	\$81,600	\$0	\$81,600	\$81,600	\$0
City of Vassar	\$42,300	\$45,700	\$3,400	\$42,300	\$45,700	\$3,400
City of Warren	NA	NA	NA	\$1,152,190	\$3,426,280	\$2,274,090
City of Wyandotte	\$301,200	\$818,750	\$517,550	\$301,140	\$939,069	\$637,929
City of Ypsilanti	\$717,046	\$508,235	(\$208,811)	\$728,155	\$1,010,540	\$282,385
Total	\$43,092,801	\$113,310,173	\$70,217,372	\$40,814,185	\$99,243,316	\$58,429,131