



STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

RICK SNYDER
GOVERNOR

NICK A. KHOURI
STATE TREASURER

DATE: December 18, 2018

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 – 2017 & 2018 Tax Years

Please find attached one copy of the Commercial Redevelopment Act Exemption Report for the 2017 and 2018 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: Anne Wohlfert, Acting Deputy State Treasurer of State/Local Finance
Howard Ryan, Legislative Liaison
Ed Koryzno, Director, Bureau of Local Government and School Services

Michigan Department of Treasury Commercial Redevelopment Act Exemption Report

2017 and 2018 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 2017, there were 16 local governmental units participating in the Commercial Redevelopment program and for the 2018 tax year there were 20 local governmental units participating in the Commercial Redevelopment program.

Activity:

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)

For the 2018 tax year, there were 37 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 1548 construction jobs, 664 existing jobs retained, and 647 new jobs created. These properties are comprised of replacement, and new facilities with an estimated current taxable value of \$55,574,030. (See Tables 2 & 3)

¹ As determined from data provided by the local government assessor

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

2017 and 2018 Tax Years

Table 1

Commercial Redevelopment Exemptions and Jobs

	2017 Exemptions	2018 Exemptions	2017 Construction Jobs	2018 Construction Jobs	2017 Jobs Retained	2018 Jobs Retained	2017 Jobs Created	2018 Jobs Created
City of Alma	2	1	9	20	18	0	1	15
Village of Brooklyn	1	1	0	0	0	0	0	0
City of Center Line	2	2	165	165	130	130	20	20
City of Charlevoix	NA	1	NA	0	NA	0	NA	15
City of Detroit	1	1	20	0	50	0	35	0
City of East Jordan	1	1	0	125	0	0	0	21
City of Gaylord	2	2	60	130	117	117	126	75
Village of Lake Orion	1	1	0	100	0	0	65	65
City of Manistique	1	4	35	0	10	16	5	13
City of Marine City	NA	1	NA	40	NA	15	NA	0
City of Marquette	1	1	400	400	150	150	150	150
City of Muskegon	2	4	0	144	0	0	0	17
City of Owosso	1	1	20	20	29	29	12	12
City of Perry	1	2	5	40	24	40	20	12
City of St. Clair	NA	1	NA	200	NA	0	NA	0
City of Warren	1	1	0	0	35	35	40	40
City of Westland	2	2	45	45	25	25	34	34
City of Wyandotte	6	7	176	74	157	101	199	167
City of Wyoming	NA	1	NA	0	NA	0	NA	0
City of Zeeland	1	1	45	45	6	6	2	2
Total	26	37	980	1548	751	664	709	647

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

2017 and 2018 Tax Years

Table 2

Commercial Redevelopment Frozen and Current Taxable Values ¹

	2017 Frozen Value	2018 Frozen Value	2017 Current Value	2018 Current Value
City of Alma	\$28,278.00	\$28,278.00	\$308,525.00	\$566,272.00
Village of Brooklyn	\$0.00	\$0.00	\$328,600.00	\$341,150.00
City of Center Line	\$0.00	\$0.00	\$2,353,800.00	\$2,367,200.00
City of Charlevoix	NA	\$157,970.00	NA	\$157,970.00
City of Detroit	\$9,429.00	\$9,429.00	\$79,700.00	\$81,373.00
City of East Jordan	\$0.00	\$0.00	\$232,300.00	\$280,000.00
City of Gaylord	\$628,234.00	\$628,234.00	\$591,421.00	\$596,109.00
Village of Lake Orion	\$94,190.00	\$94,190.00	\$94,190.00	\$217,380.00
City of Manistique	\$0.00	\$32,231.00	\$775,500.00	\$870,200.00
City of Marine City	NA	\$146,140.00	NA	\$605,200.00
City of Marquette	\$0.00	\$0.00	\$5,995,900.00	\$41,726,100.00
City of Muskegon	\$132,900.00	\$110,400.00	\$136,555.00	\$1,194,918.00
City of Owosso	\$0.00	\$0.00	\$187,700.00	\$187,700.00
City of Perry	\$0.00	\$350,000.00	\$200,000.00	\$351,700.00
City of St. Clair	NA	\$564,912.00	NA	\$564,912.00
City of Warren	\$451,540.00	\$451,540.00	\$2,385,680.00	\$2,435,770.00
City of Westland	\$376,600.00	\$376,600.00	\$356,650.00	\$356,650.00
City of Wyoming	NA	\$0.00	NA	\$0.00
City of Wyandotte	\$285,987.00	\$314,902.00	\$2,380,173.00	\$2,264,312.00
City of Zeeland	\$0.00	\$0.00	\$400,700.00	\$409,114.00
Total	\$2,007,158.00	\$3,264,826.00	\$16,807,394.00	\$55,574,030.00

**Michigan Department of Treasury
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**Table 3
Commercial Redevelopment Facility Types**

	New	Replacement	Restoration
City of Alma	0	2	0
Village of Brooklyn	0	0	1
City of Center Line	2	0	0
City of Charlevoix	0	0	1
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	4	0	0
City of Marine City	1	0	0
City of Marquette	1	0	0
City of Muskegon	2	2	0
City of Owosso	0	1	0
City of Perry	2	0	0
City of St. Clair	0	0	1
City of Warren	1	0	0
City of Westland	0	0	2
City of Wyandotte	3	1	3
City of Wyoming	1	0	0
City of Zeeland	1	0	0
Total	19	6	12