



STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

RICK SNYDER
GOVERNOR

NICK A. KHOURI
STATE TREASURER

DATE: December 16, 2015

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 Redevelopment Act Exemption Report – 2014 & 2015 Tax Years

Please find attached one copy of the Commercial Redevelopment Act Exemption Report for the 2014 and 2015 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: 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 Commercial Redevelopment Act Exemption Report

2014 and 2015 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 2014, there were seven local governmental units participating in the Commercial Redevelopment program and for the 2015 tax year there were seven local governmental units participating in the Commercial Redevelopment program.

Activity:

For the 2014 tax year, there were eight properties receiving a Commercial Redevelopment Exemption. (See Table 1) It is estimated, through data provided by the local government assessor¹, that these projects resulted in 145 construction jobs, 166 existing jobs retained, and 84 new jobs created. These properties were comprised of replacement, restoration, and new facilities with a total current taxable value of \$1,307,973. (See Tables 2 & 3)

For the 2015 tax year, there was 16 properties receiving a Commercial Redevelopment Exemption. (See Table 1) It is estimated, through data provided by the local government assessor¹, that these projects have resulted in 395 construction jobs, 329 existing jobs retained, and 594 new jobs created. These properties are comprised of replacement, and new facilities with an estimated current taxable value of \$6,511,595. (See Tables 2 & 3)

¹ As determined from data provided by the local government assessor.

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

2014 and 2015 Tax Years

Commercial Redevelopment Exemptions and Jobs

Table 1

	<u>2014 Exemptions</u>	<u>2015 Exemptions</u>	<u>2014 Construction Jobs</u>	<u>2015 Construction Jobs</u>	<u>2014 Jobs Retained</u>	<u>2015 Jobs Retained</u>	<u>2014 Jobs Created</u>	<u>2015 Jobs Created</u>
City of Center Line	1	1	120	120	125	125	10	10
City of Gaylord	1	7	0	180	0	150	30	510
City of Owosso	1	1	20	20	29	29	12	12
City of Perry	1	1	0	5	0	0	0	0
City of Detroit	1	1	0	0	0	0	0	0
City of Westland	1	2	5	45	0	25	4	34
City of Wyandotte	2	3	0	25	12	0	28	28
Grand Total	8	16	145	395	166	329	84	594

Commercial Redevelopment Frozen and Current Taxable Values ¹

Table 2

	<u>2014 Frozen Value</u>	<u>2015 Frozen Value</u>	<u>2014 Current Value</u>	<u>2015 Current Value</u>
City of Center Line	\$120,000	NA	\$125,000	\$2,158,725
City of Gaylord	\$154,100	\$723,400	\$154,100	\$2,607,589

**Michigan Department of Treasury
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2014 and 2015 Tax Years

City of Owosso	NA	NA	\$187,700	\$187,700
City of Perry	NA	NA	\$200,000	\$200,000
City of Detroit	NA	\$9,429	NA	\$66,100
City of Westland	\$33,480	\$394,183	\$33,480	\$394,183
City of Wyandotte	\$53,863	\$285,987	\$598,264	\$897,298
Grand Total	\$436,932	\$1,412,999	\$1,307,973	\$6,511,595

Commercial Redevelopment Facility Types

Table 3

	<u>New</u>	<u>Replacement</u>	<u>Restoration</u>
City of Center Line	1	0	0
City of Gaylord	4	0	3
City of Owosso	0	1	0
City of Perry	1	0	0
City of Detroit	0	0	1
City of Westland	0	0	2
City of Wyandotte	3	0	3
Grand Total	9	1	9