



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: Obsolete Property Rehabilitation Act Exemption Report – 2015 & 2016 Tax Years

Please find attached one copy of the Obsolete Property Rehabilitation Act Exemption Report for both the 2015 and 2016 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 Treasurer of Local Government Services
Howard Ryan, Legislative Liaison
Ed Koryzno, Director, Bureau of Local Government Services

Michigan Department of Treasury Obsolete Property Rehabilitation Act Exemption Report

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

Activity:

For the 2015 tax year, there were 309 properties receiving an exemption and for the 2016 tax year, there were 311 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 1,262 and 3,352 construction jobs created, 1,945 and 3,972 existing jobs being retained, and 1,308 and 2,384 new jobs have been created. It is further estimated that 587 and 764 new residents are occupying commercial housing properties covered by the exemption. These properties had a combined frozen taxable value totaling \$32,992,903 for 2015 and \$40,814,185 for 2016. These properties had a combined current taxable value totaling \$84,278,039 for 2015 and \$99,243,316 for 2016. The overall increase in taxable value for \$51,285,136 for 2015 and \$58,429,131 for 2016 (See Table 2).

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

2015 & 2016 Tax Years

**Table 1
 Exemptions, Jobs and New Residents**

	2015 Exemptions	2016 Exemptions	2015 Construction Jobs	2016 Construction Jobs	2015 Jobs Retained	2016 Jobs Retained	2015 Jobs Created	2016 Jobs Created	2015 New Residents	2016 New Residents
Buena Vista Township	1	NA	0	NA	0	NA	0	NA	0	NA
City of Adrian	5	4	0	0	0	0	0	0	0	0
City of Albion	NA	1	NA	0	NA	0	NA	0	NA	0
City of Alma	5	5	20	20	6	6	6	6	6	6
City of Bad Axe	2	3	0	0	11	11	4	4	1	1
City of Battle Creek	8	8	0	2,081	567	2,731	36	507	0	0
City of Bay City	10	11	50	7	49	15	42	5	3	0
City of Benton Harbor	1	1	60	0	0	0	2	0	0	0
City of Big Rapids	8	8	55	55	103	103	34	34	9	9
City of Cadillac	3	3	0	0	0	0	18	18	0	0
City of Charlotte	2	2	0	0	0	13	50	0	0	0
City of Cheboygan	1	NA	20	NA	12	NA	12	NA	0	NA
City of Coldwater	2	2	21	56	0	0	6	6	14	14
City of Dearborn	1	2	0	0	0	0	0	0	0	0
City of Detroit	71	70	0	0	0	0	0	0	0	0
City of Escanaba	15	13	48	36	36	26	43	23	14	11

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

2015 & 2016 Tax Years

	2015 Exemptions	2016 Exemptions	2015 Construction Jobs	2016 Construction Jobs	2015 Jobs Retained	2016 Jobs Retained	2015 Jobs Created	2016 Jobs Created	2015 New Residents	2016 New Residents
City of Flint	3	4	0	0	0	0	50	0	0	0
City of Grand Rapids	26	31	497	590	71	71	284	350	91	192
City of Harbor Beach	1	1	14	14	0	0	5	5	0	0
City of Hartford	3	3	0	0	0	0	14	14	0	0
City of Hillsdale	3	5	8	26	20	20	8	8	0	0
City of Howell	1	1	0	0	0	0	0	0	0	0
City of Ionia	5	5	0	0	8	8	0	0	10	8
City of Ishpeming	1	1	2	4	3	5	5	5	8	10
City of Ithaca	1	1	15	15	0	0	2	2	4	4
City of Jackson	5	4	0	0	245	215	63	63	8	63
City of Lansing	30	31	0	68	0	73	0	794	0	42
City of Ludington	3	3	10	10	9	9	0	0	5	5
City of Melvindale	1	1	0	0	0	0	16	16	0	0
City of Monroe	18	19	46	30	104	5	63	60	23	19
City of Mount Clemens	1	1	0	0	0	0	0	0	0	0
City of Muskegon	6	4	53	12	12	0	35	5	1	0
City of Muskegon Heights	1	1	0	0	0	0	0	0	0	0
City of Oak Park	NA	1	NA	0	NA	0	NA	0	NA	0
City of Owosso	5	4	43	43	13	13	19	19	7	7

**Michigan Department of Treasury
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2015 & 2016 Tax Years

	2015 Exemptions	2016 Exemptions	2015 Construction Jobs	2016 Construction Jobs	2015 Jobs Retained	2016 Jobs Retained	2015 Jobs Created	2016 Jobs Created	2015 New Residents	2016 New Residents
City of Pontiac	8	6	10	10	389	389	221	181	3	5
City of Port Huron	3	5	158	194	133	102	135	135	0	0
City of River Rouge	3	3	0	0	0	0	0	0	0	0
City of Saginaw	17	14	75	75	0	0	20	20	111	103
City of Sandusky	NA	1	NA	0	NA	0	NA	0	NA	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 Taylor	1	NA	0	NA	0	NA	0	NA	0	NA
City of Three Rivers	10	11	51	0	12	12	31	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	0	0	6	0
City of Warren	1	1	0	0	78	78	78	78	243	243
City of Wyandotte	5	5	0	0	58	61	0	0	0	0
City of Ypsilanti	7	6	5	5	5	5	5	5	14	16
Total	309	311	1,262	3,352	1,945	3,972	1,308	2,384	587	764

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

**2015 & 2016 Tax Years
Table 2
Frozen and Current Value**

	2015 Total Frozen Taxable Value	2015 Total Current Taxable Value	Net Increase/(Loss)	2016 Total Frozen Taxable Value	2016 Total Current Taxable Value	Net Increase/(Loss)
Buena Vista Township	\$77,161	\$0	(\$77,161)	NA	NA	NA
City of Adrian	\$257,350	\$105,010	(\$152,340)	\$225,830	\$90,105	(\$135,725)
City of Albion	NA	NA	NA	\$64,324	\$66,400	\$2,076
City of Alma	\$177,041	\$455,965	\$278,924	\$177,041	\$456,112	\$279,071
City of Bad Axe	\$47,900	\$87,566	\$39,666	\$668,100	\$87,827	(\$580,273)
City of Battle Creek	\$4,888,371	\$10,133,234	\$5,244,863	\$4,888,371	\$10,164,241	\$5,275,870
City of Bay City	\$237,088	\$323,700	\$86,612	\$1,088,905	\$1,073,880	(\$15,025)
City of Benton Harbor	\$18,538	\$245,900	\$227,362	\$18,538	\$245,900	\$227,362
City of Big Rapids	\$1,009,454	\$537,988	(\$471,466)	\$1,009,454	\$537,988	(\$471,466)
City of Cadillac	\$211,300	\$302,227	\$90,927	\$211,300	\$297,125	\$85,825
City of Charlotte	\$217,343	\$393,803	\$176,460	\$254,843	\$394,984	\$140,141
City of Cheboygan	\$24,789	\$359,900	\$335,111	NA	NA	NA
City of Coldwater	\$55,061	\$141,601	\$86,540	\$55,061	\$340,275	\$285,214
City of Dearborn	\$944,800	\$10,944,800	\$10,000,000	\$1,269,800	\$2,175,000	\$905,200
City of Detroit	\$6,615,628	\$29,676,170	\$23,060,542	\$9,630,816	\$40,736,492	\$31,105,676
City of Escanaba	\$425,814	\$1,489,037	\$1,063,223	\$286,397	\$1,233,796	\$947,399

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

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	2015 Total Frozen Taxable Value	2015 Total Current Taxable Value	Net Increase/(Loss)	2016 Total Frozen Taxable Value	2016 Total Current Taxable Value	Net Increase/(Loss)
City of Flint	\$341,874	\$341,874	\$0	\$389,774	\$2,297,474	\$1,907,700
City of Grand Rapids	\$3,059,466	\$8,021,799	\$4,962,333	\$3,619,585	\$13,844,002	\$10,224,417
City of Hartford	\$124,160	\$124,160	\$0	\$124,160	\$124,160	\$0
City of Harbor Beach	\$28,300	\$56,000	\$27,700	\$28,300	\$56,000	\$27,700
City of Hillsdale	\$198,350	\$280,950	\$82,600	\$261,350	\$331,650	\$70,300
City of Howell	\$283,054	\$423,851	\$140,797	\$283,051	\$595,051	\$312,000
City of Ionia	\$151,687	\$81,394	(\$70,293)	\$151,687	\$77,170	(\$74,517)
City of Ishpeming	\$70,015	\$70,015	\$0	\$70,015	\$70,015	\$0
City of Ithaca	\$19,339	\$19,339	\$0	\$19,339	\$19,339	\$0
City of Jackson	\$289,368	\$1,181,163	\$891,795	\$206,150	\$947,000	\$740,850
City of Lansing	\$4,477,333	\$6,354,655	\$1,877,322	\$4,502,533	\$9,141,300	\$4,638,767
City of Ludington	\$266,299	\$533,297	\$266,998	\$266,299	\$534,106	\$267,807
City of Melvindale	\$153,114	\$353,114	\$200,000	\$153,114	\$353,114	\$200,000
City of Monroe	\$983,880	\$1,408,730	\$424,850	\$843,640	\$1,379,240	\$535,600
City of Mount Clemens	\$85,000	\$406,172	\$321,172	\$85,000	\$322,135	\$237,135
City of Muskegon Heights	\$10,800	\$10,800	\$0	\$10,800	\$10,800	\$0
City of Muskegon	\$279,926	\$65,690	(\$214,236)	\$208,826	\$91,965	(\$116,861)

**Michigan Department of Treasury
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2015 & 2016 Tax Years

	2015 Total Frozen Taxable Value	2015 Total Current Taxable Value	Net Increase/(Loss)	2016 Total Frozen Taxable Value	2016 Total Current Taxable Value	Net Increase/(Loss)
City of Oak Park	NA	NA	NA	\$2,175,200	\$0	(\$2,175,200)
City of Owosso	\$133,950	\$280,165	\$146,215	\$133,950	\$889,200	\$755,250
City of Pontiac	\$3,118,147	\$1,475,930	(\$1,642,217)	\$2,974,907	\$1,509,810	(\$1,465,097)
City of Port Huron	\$495,850	\$175,450	(\$320,400)	\$1,006,700	\$1,006,700	\$0
City of River Rouge	\$112,786	\$252,235	\$139,449	\$112,766	\$122,717	\$9,951
City of Saginaw	\$679,804	\$1,519,460	\$839,656	\$575,261	\$1,439,166	\$863,905
City of Sandusky	NA	NA	NA	\$41,900	\$41,900	\$0
City of Sault. Ste. Marie	\$80,500	\$80,500	\$0	\$80,500	\$60,300	(\$20,200)
City of Sturgis	\$182,731	\$80,000	(\$102,731)	\$182,731	\$80,000	(\$102,731)
City of Taylor	\$0	\$0	\$0	NA	NA	NA
City of Three Rivers	\$136,066	\$452,396	\$316,330	\$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	\$1,152,190	\$3,416,040	\$2,263,850	\$1,152,190	\$3,426,280	\$2,274,090
City of Wyandotte	\$301,140	\$934,950	\$633,810	\$301,140	\$939,069	\$637,929
City of Ypsilanti	\$446,236	\$553,709	\$107,473	\$728,155	\$1,010,540	\$282,385
Total	\$32,992,903	\$84,278,039	\$51,285,136	\$40,814,185	\$99,243,316	\$58,429,131