



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 Redevelopment Act Exemption Report – 2015 & 2016 Tax Years

Please find attached one copy of the Commercial Redevelopment Act Exemption Report for the 2015 and 2016 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: 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 Redevelopment Act Exemption Report

2015 and 2016 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 2015, there were seven local governmental units participating in the Commercial Redevelopment program and for the 2016 tax year there were thirteen local governmental units participating in the Commercial Redevelopment program.

Activity:

For the 2015 tax year, there were 19 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 415 construction jobs, 351 existing jobs retained, and 600 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)

For the 2016 tax year, there were 23 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 784 construction jobs, 455 existing jobs retained, and 412 new jobs created. These properties were comprised of replacement, restoration, and new facilities with a total current taxable value of \$5,815,887. (See Tables 2 & 3)

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

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

2015 and 2016 Tax Years

**Commercial Redevelopment Exemptions and Jobs
Table 1**

	<u>2015 Exemptions</u>	<u>2016 Exemptions</u>	<u>2015 Construction Jobs</u>	<u>2016 Construction Jobs</u>	<u>2015 Jobs Retained</u>	<u>2016 Jobs Retained</u>	<u>2015 Jobs Created</u>	<u>2016 Jobs Created</u>
City of East Jordan	0	1	N/A	0	N/A	0	N/A	0
City of Alma	0	1	N/A	8	N/A	18	N/A	0
City of Center Line	1	2	120	165	125	130	10	20
City of Warren	0	1	N/A	150	N/A	35	N/A	40
City of Muskegon	0	2	N/A	0	N/A	0	N/A	0
Village of Lake Orion	0	1	N/A	100	N/A	0	N/A	50
City of Gaylord	7	2	180	70	160	75	510	75
City of Zeeland	0	1	N/A	45	N/A	6	N/A	2
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	2	2	45	45	25	25	34	34
City of Wyandotte	6	7	50	176	12	137	34	179
Grand Total	19	23	415	784	351	455	600	412

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

2015 and 2016 Tax Years

**Commercial Redevelopment Frozen and Current Taxable Values¹
Table 2**

	<u>2015 Frozen Value</u>	<u>2016 Frozen Value</u>	<u>2015 Current Value</u>	<u>2016 Current Value</u>
City of East Jordan	N/A	N/A	N/A	\$0
City of Alma	N/A	N/A	N/A	\$9,900
City of Center Line	N/A	N/A	\$2,158,725	\$2,165,201
City of Warren	N/A	\$451,540	N/A	\$484,220
City of Muskegon	N/A	\$132,900	N/A	\$135,337
Village of Lake Orion	N/A	\$94,190	N/A	\$94,190
City of Gaylord	\$723,400	\$628,234	\$2,607,589	\$737,948
City of Zeeland	N/A	N/A	N/A	\$13,800
City of Owosso	N/A	N/A	\$187,700	\$187,700
City of Perry	N/A	N/A	\$200,000	\$200,000
City of Detroit	\$9,429	\$9,429	\$66,100	\$79,700
City of Westland	\$394,183	\$376,600	\$394,183	\$356,650
City of Wyandotte	\$285,987	\$409,200	\$897,298	\$1,351,241
Grand Total	\$1,412,999	\$2,102,093	\$6,511,595	\$5,815,887

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

2015 and 2016 Tax Years

**Commercial Redevelopment Facility Types
Table 3**

	<u>New</u>	<u>Replacement</u>	<u>Restoration</u>
City of East Jordan	1	0	0
City of Alma	0	1	0
City of Center Line	2	0	0
City of Warren	1	0	0
City of Muskegon	1	1	0
Village of Lake Orion	0	0	1
City of Gaylord	0	0	2
City of Zeeland	1	0	0
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	4
Grand Total	10	3	10