



STATE OF MICHIGAN  
DEPARTMENT OF TREASURY  
LANSING

RICK SNYDER  
GOVERNOR

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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:** Obsolete Property Rehabilitation Act Exemption Report – 2017 & 2018 Tax Years

Please find attached one copy of the Obsolete Property Rehabilitation Act Exemption Report for both the 2017 and 2018 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: 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 Obsolete Property Rehabilitation Act Exemption Report

## 2017 & 2018 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 2017 and 2018 tax years, there were 47 and 47 units of local government, respectively, participating in the program.

### **Activity:**

For the 2017 tax year, there were 322 properties receiving an exemption and for the 2018 tax year, there were 320 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 1,509 and 1,715 construction jobs being created, 5,537 and 2,669 existing jobs being retained, and 2,297 and 2,171 new jobs being created. It is further estimated that 450 and 464 new residents are occupying commercial housing properties covered by the exemption. These properties had a combined frozen taxable value totaling \$43,092,801 for 2017 and \$43,393,815 for 2018. These properties had a combined current taxable value totaling \$113,310,173 for 2017 and \$162,966,937 for 2018. This is an overall increase in taxable value of \$49,656,764 from 2017 to 2018. (See Table 2.)

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**2017 & 2018 Tax Years**

**Table 1**

**Exemptions, Jobs and New Residents**

	<b>2017 Exemptions</b>	<b>2018 Exemptions</b>	<b>2017 Construction Jobs</b>	<b>2018 Construction Jobs</b>	<b>2017 Jobs Retained</b>	<b>2018 Jobs Retained</b>	<b>2017 Jobs Created</b>	<b>2018 Jobs Created</b>	<b>2017 New Residents</b>	<b>2018 New Residents</b>
City of Adrian	3	5	0	0	0	0	0	0	0	0
City of Albion	1	1	0	0	0	0	0	0	0	0
City of Allegan	NA	4	NA	4	NA	0	NA	4	NA	0
City of Alma	5	4	0	68	0	5	0	1	0	53
City of Bad Axe	4	4	66	81	20	20	32	37	1	1
City of Battle Creek	9	7	0	0	4471	2158	706	466	0	0
City of Bay City	15	16	14	15	21	22	48	49	0	0
City of Benton Harbor	1	1	0	0	5	0	5	0	0	0
City of Big Rapids	5	4	18	3	9	47	72	6	4	4
City of Cadillac	3	2	0	12	0	0	18	0	0	0
City of Charlotte	2	2	0	0	13	0	50	50	0	0
City of Coldwater	2	2	56	0	0	0	6	0	14	0
City of Dearborn	2	2	0	0	0	0	0	120	0	0
City of Detroit	79	83	0	0	0	0	0	0	0	0
City of Escanaba	11	7	31	20	26	7	19	13	3	1
City of Ferndale	1	2	37	121	30	30	5	5	0	0
City of Flint	5	6	0	0	0	0	0	0	0	0

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	<b>2017 Exemptions</b>	<b>2018 Exemptions</b>	<b>2017 Construction Jobs</b>	<b>2018 Construction Jobs</b>	<b>2017 Jobs Retained</b>	<b>2018 Jobs Retained</b>	<b>2017 Jobs Created</b>	<b>2018 Jobs Created</b>	<b>2017 New Residents</b>	<b>2018 New Residents</b>
City of Grand Rapids	33	32	612	526	82	67	359	358	214	195
City of Harbor Beach	1	1	14	14	0	0	5	5	0	0
City of Hartford	1	1	0	0	0	0	2	2	0	0
City of Hillsdale	4	5	59	64	0	0	0	13	35	30
City of Howell	1	2	0	0	0	0	0	0	0	0
City of Ionia	4	3	0	0	5	2	0	0	9	5
City of Ishpeming	1	1	4	2	5	5	5	0	10	10
City of Jackson	4	2	0	0	215	0	63	0	4	4
City of Lansing	30	34	68	53	73	73	571	571	4	4
City of Ludington	5	5	0	0	0	0	0	0	0	0
City of Manistee	1	1	0	10	0	0	0	20	0	0
City of Marshall	1	1	0	120	0	0	0	0	0	0
City of Melvindale	1	1	0	0	0	0	16	0	0	0
City of Monroe	18	18	0	22	0	2	61	57	15	17
City of Mount Clemens	1	1	0	0	0	0	0	0	0	0
City of Muskegon	5	7	38	84	0	0	16	21	2	3
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

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City of Owosso	7	5	89	89	9	9	57	57	0	0
City of Pontiac	4	2	143	122	338	8	61	45	0	0
City of Port Huron	5	6	184	209	92	147	135	219	4	4
City of River Rouge	2	1	0	0	0	0	0	0	0	0
City of Saginaw	16	16	75	75	0	0	20	20	111	111
City of Sandusky	1	1	0	0	0	0	0	0	0	0
City of Sault. Ste. Marie	1	NA	0	NA	0	NA	0	NA	0	NA
City of Sturgis	2	1	1	1	1	0	1	0	0	0
City of Three Rivers	9	6	0	0	12	12	20	15	6	2
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	6
City of Wyandotte	4	4	0	0	47	55	0	0	0	0
City of Ypsilanti	8	7	0	0	0	0	1	1	14	14
<b>Total</b>	<b>322</b>	<b>320</b>	<b>1,509</b>	<b>1,715</b>	<b>5,537</b>	<b>2,669</b>	<b>2,297</b>	<b>2,171</b>	<b>450</b>	<b>464</b>

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**2017 & 2018 Tax Years**

**Table 2**

**Frozen and Current Value**

	<b>2017 Total Frozen Taxable Value</b>	<b>2017 Total Current Taxable Value</b>	<b>Net Increase/(Loss)</b>	<b>2018 Total Frozen Taxable Value</b>	<b>2018 Total Current Taxable Value</b>	<b>Net Increase/(Loss)</b>
City of Adrian	\$179,250	\$76,932	(\$102,318)	\$252,300	\$826,047	\$573,747
City of Albion	\$66,324	\$281,255	\$214,931	\$66,324	\$381,024	\$314,700
City of Allegan	NA	NA	NA	\$225,500	\$225,500	\$0
City of Alma	\$177,041	\$461,918	\$284,877	\$151,241	\$608,668	\$457,427
City of Bad Axe	\$693,600	\$192,017	(\$501,583)	\$693,600	\$237,929	(\$455,671)
City of Battle Creek	\$4,261,912	\$9,324,113	\$5,062,201	\$4,035,676	\$9,328,220	\$5,292,544
City of Bay City	\$1,622,193	\$1,594,345	(\$27,848)	\$1,719,483	\$1,719,483	\$0
City of Benton Harbor	\$18,538	\$246,637	\$228,099	\$18,538	\$0	(\$18,538)
City of Big Rapids	\$419,705	\$327,577	(\$92,128)	\$236,805	\$749,777	\$512,972
City of Cadillac	\$211,300	\$0	(\$211,300)	\$211,300	\$298,493	\$87,193
City of Charlotte	\$254,843	\$398,538	\$143,695	\$254,843	\$661,750	\$406,907
City of Coldwater	\$62,211	\$418,136	\$355,925	\$62,211	\$414,853	\$352,642
City of Dearborn	\$1,269,800	\$12,265,000	\$10,995,200	\$1,269,800	\$13,745,090	\$12,475,290
City of Detroit	\$12,352,455	\$44,373,050	\$32,020,595	\$13,268,282	\$69,393,240	\$56,124,958
City of Escanaba	\$324,797	\$435,535	\$110,738	\$148,792	\$980,503	\$831,711
City of Ferndale	\$183,360	\$0	(\$183,360)	\$385,783	\$983,863	\$598,080
City of Flint	\$839,774	\$3,433,131	\$2,593,357	\$931,901	\$4,057,870	\$3,125,969

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City of Grand Rapids	\$4,052,315	\$18,204,808	\$14,152,493	\$4,243,041	\$21,654,665	\$17,411,624
City of Hartford	\$38,100	\$38,100	\$0	\$38,100	\$17,821	(\$20,279)
City of Harbor Beach	\$28,300	\$27,700	(\$600)	\$28,300	\$27,700	(\$600)
City of Hillsdale	\$216,410	\$695,106	\$478,696	\$231,510	\$690,391	\$458,881
City of Howell	\$283,051	\$597,859	\$314,808	\$406,025	\$1,347,443	\$941,418
City of Ionia	\$123,515	\$25,800	(\$97,715)	\$36,723	\$129,164	\$92,441
City of Ishpeming	\$70,015	\$70,015	\$0	\$70,015	\$70,015	\$0
City of Jackson	\$206,150	\$955,573	\$749,423	\$154,050	\$84,900	(\$69,150)
City of Lansing	\$4,625,533	\$7,546,070	\$2,920,537	\$4,758,078	\$8,090,869	\$3,332,791
City of Ludington	\$332,589	\$0	(\$332,589)	\$332,589	\$617,579	\$284,990
City of Manistee	\$45,806	\$0	(\$45,806)	\$45,806	\$118,200	\$72,394
City of Marshall	\$39,949	\$85,700	\$45,751	\$39,949	\$396,800	\$356,851
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	\$734,060	\$1,993,160	\$1,259,100
City of Mount Clemens	\$85,000	\$325,034	\$240,034	\$85,000	\$331,859	\$246,859
City of Muskegon	\$505,371	\$24,660	(\$480,711)	\$979,871	\$88,977	(\$890,894)
City of Muskegon Heights	\$13,800	\$10,800	(\$3,000)	\$13,800	\$13,800	\$0
City of Oak Park	\$2,175,000	\$2,175,200	\$200	\$2,175,000	\$8,339,700	\$6,164,700

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City of Owosso	\$382,132	\$1,170,728	\$788,596	\$342,732	\$1,138,546	\$795,814
City of Pontiac	\$2,786,190	\$1,327,550	(\$1,458,640)	\$1,223,770	\$1,921,030	\$697,260
City of Port Huron	\$626,672	\$626,672	\$0	\$1,027,872	\$6,139,041	\$5,111,169
City of River Rouge	\$84,900	\$90,931	\$6,031	\$84,900	\$27,306	(\$57,594)
City of Saginaw	\$917,982	\$1,525,343	\$607,361	\$917,982	\$2,854,594	\$1,936,612
City of Sandusky	\$41,900	\$41,900	\$0	\$41,900	\$36,100	(\$5,800)
City of Sault. Ste. Marie	\$80,500	\$62,500	(\$18,000)	NA	NA	NA
City of Sturgis	\$182,731	\$75,000	(\$107,731)	\$104,110	\$50,000	(\$54,110)
City of Three Rivers	\$169,707	\$436,771	\$267,064	\$123,954	\$352,056	\$228,102
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 Wyandotte	\$301,200	\$818,750	\$517,550	\$301,200	\$822,027	\$520,827
City of Ypsilanti	\$717,046	\$508,235	(\$208,811)	\$644,085	\$520,470	(\$123,615)
<b>Total</b>	<b>\$43,092,801</b>	<b>\$113,310,173</b>	<b>\$70,217,372</b>	<b>\$43,393,815</b>	<b>\$162,966,937</b>	<b>\$119,573,122</b>