



STATE OF MICHIGAN  
DEPARTMENT OF TREASURY  
LANSING

RICK SNYDER  
GOVERNOR

NICK A. KHOURI  
STATE TREASURER

**DATE:** August 13, 2015

**TO:** Ellen Jeffries, Director, Senate Fiscal Agency  
Mary Ann Cleary, Director, House Fiscal Agency  
Senator Roger Kahn, M.D., Chairperson, Appropriations Committee  
Representative Joe Haveman, Chairperson, Appropriations Committee  
Senator Jack Brandenburg, Chairperson, Finance Committee  
Representative Jeff Farrington, Chairperson, Tax Policy Committee

**FROM:** Heather S. Frick, Executive Director *HSF*  
State Tax Commission

**SUBJECT:** Obsolete Property Rehabilitation Act Exemption Report – 2013 & 2014 Tax Years

Please find attached one copy of the Obsolete Property Rehabilitation Act Exemption Report for both the 2013 and 2014 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: Tom Saxton, Chief Deputy Treasurer  
Wayne Workman, Deputy Treasurer, Local Government Services  
Paul Connors, Legislative Liaison  
Ed Koryzno, Director, Bureau of Local Government Services  
Larry Steckelberg, Administrator, Property Services Division  
Cindy Peruchietti, Director, Budget Division

# Michigan Department of Treasury Obsolete Property Rehabilitation Act Exemption Report

## 2013 & 2014 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 2013 and 2014 tax years, there were 42 and 45 units of local government, respectively, participating in the program.

### Activity:

For the 2013 tax year, there were a total of 289 properties receiving an exemption and for the 2014 tax year, there were 299 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 1,068 and 1,171 construction jobs created, 2,325 and 1,561 existing jobs being retained, and 1,954 and 1,241 new jobs have been created. It is further estimated that 449 and 484 new residents are occupying commercial housing properties covered by the exemption. These properties had a combined frozen taxable value totaling \$34,204,002 for 2013 and \$33,525,296 for 2014. These properties had a combined current taxable value totaling \$89,456,511 for 2013 and \$94,346,764 for 2014. The overall increase in taxable value for 2013 is \$55,252,509 and \$60,821,468 for 2014. (See Table 2.)

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

**2013 & 2014 Tax Years**

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

|                       | 2013<br>Exemptions | 2014<br>Exemptions | 2013<br>Construction<br>Jobs | 2014<br>Construction<br>Jobs | 2013 Jobs<br>Retained | 2014 Jobs<br>Retained | 2013 Jobs<br>Created | 2014 Jobs<br>Created | 2013 New<br>Residents | 2014 New<br>Residents |
|-----------------------|--------------------|--------------------|------------------------------|------------------------------|-----------------------|-----------------------|----------------------|----------------------|-----------------------|-----------------------|
| Buena Vista Township  | 1                  | 1                  | 0                            | 0                            | 0                     | 0                     | 0                    | 0                    | 0                     | 0                     |
| City of Adrian        | 8                  | 7                  | 0                            | 0                            | 0                     | 0                     | 0                    | 0                    | 0                     | 0                     |
| City of Alma          | 2                  | 5                  | 20                           | 20                           | 6                     | 6                     | 6                    | 6                    | 6                     | 6                     |
| City of Bad Axe       | 2                  | 2                  | 25                           | 25                           | 0                     | 0                     | 14                   | 14                   | 1                     | 1                     |
| City of Battle Creek  | 8                  | 8                  | 0                            | 0                            | 696                   | 0                     | 6                    | 0                    | 0                     | 0                     |
| City of Bay City      | 20                 | 14                 | 22                           | 22                           | 40                    | 30                    | 41                   | 34                   | 68                    | 73                    |
| City of Benton Harbor | 1                  | 1                  | 12                           | 220                          | 0                     | 0                     | 0                    | 0                    | 0                     | 0                     |
| City of Big Rapids    | 7                  | 8                  | 18                           | 55                           | 79                    | 103                   | 12                   | 34                   | 9                     | 9                     |
| City of Cadillac      | 4                  | 4                  | 0                            | 0                            | 0                     | 0                     | 26                   | 26                   | 0                     | 0                     |
| City of Charlotte     | NA                 | 1                  | NA                           | 0                            | NA                    | 0                     | NA                   | 50                   | NA                    | 0                     |
| City of Cheboygan     | 1                  | 1                  | 20                           | 20                           | 12                    | 12                    | 12                   | 12                   | 0                     | 0                     |
| City of Coldwater     | 1                  | 1                  | 6                            | 6                            | 0                     | 0                     | 6                    | 6                    | 0                     | 0                     |
| City of Dearborn      | NA                 | 1                  | NA                           | 0                            | NA                    | 0                     | NA                   | 0                    | NA                    | 0                     |
| City of Detroit       | 62                 | 64                 | 0                            | 0                            | 0                     | 0                     | 0                    | 0                    | 0                     | 0                     |
| City of Escanaba      | 15                 | 15                 | 108                          | 48                           | 29                    | 36                    | 73                   | 43                   | 27                    | 14                    |

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**2013 & 2014 Tax Years**

|                          | 2013<br>Exemptions | 2014<br>Exemptions | 2013<br>Construction<br>Jobs | 2014<br>Construction<br>Jobs | 2013 Jobs<br>Retained | 2014 Jobs<br>Retained | 2013 Jobs<br>Created | 2014 Jobs<br>Created | 2013 New<br>Residents | 2014 New<br>Residents |
|--------------------------|--------------------|--------------------|------------------------------|------------------------------|-----------------------|-----------------------|----------------------|----------------------|-----------------------|-----------------------|
| City of Flint            | 1                  | 2                  | 16                           | 0                            | 0                     | 0                     | 0                    | 0                    | 0                     | 0                     |
| City of Grand Rapids     | 17                 | 20                 | 239                          | 276                          | 64                    | 64                    | 122                  | 172                  | 19                    | 72                    |
| City of Hartford         | 3                  | 3                  | 0                            | 0                            | 0                     | 0                     | 14                   | 14                   | 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                    | 14                    | 14                    |
| City of Ishpeming        | 1                  | 1                  | 2                            | 6                            | 0                     | 0                     | 0                    | 1                    | 2                     | 3                     |
| City of Ithaca           | 1                  | 1                  | 15                           | 15                           | 0                     | 0                     | 2                    | 2                    | 1                     | 1                     |
| City of Jackson          | 5                  | 5                  | 0                            | 0                            | 370                   | 355                   | 71                   | 53                   | 4                     | 4                     |
| City of Lansing          | 30                 | 29                 | 68                           | 0                            | 73                    | 0                     | 792                  | 0                    | 42                    | 0                     |
| 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                 | 65                           | 46                           | 96                    | 112                   | 40                   | 51                   | 23                    | 23                    |
| City of Mount Clemens    | 1                  | 1                  | 0                            | 0                            | 0                     | 0                     | 0                    | 0                    | 0                     | 0                     |
| City of Mount Pleasant   | 1                  | NA                 | 0                            | NA                           | 0                     | NA                    | 0                    | NA                   | 0                     | NA                    |
| City of Muskegon Heights | 1                  | 1                  | 0                            | 0                            | 0                     | 0                     | 0                    | 0                    | 0                     | 0                     |
| City of Muskegon         | 11                 | 9                  | 122                          | 99                           | 64                    | 42                    | 71                   | 60                   | 5                     | 5                     |
| City of Owosso           | 4                  | 5                  | 18                           | 18                           | 13                    | 13                    | 7                    | 7                    | 0                     | 0                     |



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**2013 & 2014 Tax Years**

|                           | 2013<br>Exemptions | 2014<br>Exemptions | 2013<br>Construction<br>Jobs | 2014<br>Construction<br>Jobs | 2013 Jobs<br>Retained | 2014 Jobs<br>Retained | 2013 Jobs<br>Created | 2014 Jobs<br>Created | 2013 New<br>Residents | 2014 New<br>Residents |
|---------------------------|--------------------|--------------------|------------------------------|------------------------------|-----------------------|-----------------------|----------------------|----------------------|-----------------------|-----------------------|
| City of Pontiac           | 6                  | 8                  | 14                           | 14                           | 389                   | 389                   | 190                  | 211                  | 5                     | 5                     |
| City of Port Huron        | 3                  | 4                  | 158                          | 158                          | 133                   | 133                   | 135                  | 135                  | 0                     | 0                     |
| City of River Rouge       | 3                  | 3                  | 0                            | 0                            | 0                     | 0                     | 28                   | 28                   | 0                     | 0                     |
| City of Saginaw           | 12                 | 14                 | 0                            | 0                            | 0                     | 0                     | 0                    | 0                    | 0                     | 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                  | 1                  | 0                            | 0                            | 0                     | 0                     | 125                  | 109                  | 0                     | 0                     |
| City of Three Rivers      | 11                 | 10                 | 54                           | 57                           | 7                     | 12                    | 21                   | 33                   | 9                     | 8                     |
| City of Trenton           | 1                  | 1                  | 0                            | 0                            | 0                     | 0                     | 0                    | 0                    | 0                     | 0                     |
| City of Vassar            | NA                 | 1                  | NA                           | 0                            | NA                    | 0                     | NA                   | 0                    | NA                    | 4                     |
| City of Warren            | 1                  | 1                  | 0                            | 0                            | 78                    | 78                    | 78                   | 78                   | 195                   | 223                   |
| City of Wyandotte         | 8                  | 8                  | 0                            | 0                            | 138                   | 138                   | 0                    | 0                    | 0                     | 0                     |
| City of Ypsilanti         | 4                  | 6                  | 55                           | 55                           | 20                    | 20                    | 45                   | 45                   | 14                    | 14                    |
| <b>Total</b>              | <b>289</b>         | <b>299</b>         | <b>1,068</b>                 | <b>1,171</b>                 | <b>2,325</b>          | <b>1,561</b>          | <b>1,954</b>         | <b>1,241</b>         | <b>449</b>            | <b>484</b>            |

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**2013 & 2014 Tax Years**

**Table 2**  
**Frozen and Current Value**

|                       | 2013 Total<br>Frozen<br>Taxable Value | 2013 Total<br>Current<br>Taxable Value | Net<br>Increase/(Loss) | 2014 Total<br>Frozen<br>Taxable Value | 2014 Total<br>Current<br>Taxable Value | Net<br>Increase/(Loss) |
|-----------------------|---------------------------------------|----------------------------------------|------------------------|---------------------------------------|----------------------------------------|------------------------|
| Buena Vista Township  | \$77,161                              | \$0                                    | (\$77,161)             | \$0                                   | \$0                                    | \$0                    |
| City of Adrian        | \$313,580                             | \$189,400                              | (\$124,180)            | \$281,990                             | \$188,959                              | (\$93,031)             |
| City of Alma          | \$34,500                              | \$229,300                              | \$194,800              | \$177,041                             | \$455,185                              | \$278,144              |
| City of Bad Axe       | \$47,900                              | \$47,900                               | \$0                    | \$47,900                              | \$108,300                              | \$60,400               |
| City of Battle Creek  | \$5,451,905                           | \$10,359,803                           | \$4,907,898            | \$4,888,371                           | \$4,672,498                            | (\$215,873)            |
| City of Bay City      | \$1,388,150                           | \$6,538,929                            | \$5,150,779            | \$641,376                             | \$6,706,280                            | \$6,064,904            |
| City of Benton Harbor | \$18,538                              | \$94,838                               | \$76,300               | \$74,149                              | \$96,355                               | \$22,206               |
| City of Big Rapids    | \$461,554                             | \$442,829                              | (\$18,725)             | \$1,009,454                           | \$625,442                              | (\$384,012)            |
| City of Cadillac      | \$265,200                             | \$407,303                              | \$142,103              | \$265,200                             | \$409,576                              | \$144,376              |
| City of Charlotte     | NA                                    | NA                                     | NA                     | \$217,343                             | \$633,912                              | \$416,569              |
| City of Cheboygan     | \$24,789                              | \$355,809                              | \$331,020              | \$24,789                              | \$369,409                              | \$344,620              |
| City of Coldwater     | \$28,150                              | \$58,850                               | \$30,700               | \$21,000                              | \$38,437                               | \$17,437               |
| City of Dearborn      | NA                                    | NA                                     | NA                     | \$944,800                             | \$14,021,650                           | \$13,076,850           |
| City of Detroit       | \$9,696,739                           | \$41,462,435                           | \$31,765,696           | \$7,800,319                           | \$36,234,783                           | \$28,434,464           |
| City of Escanaba      | \$425,814                             | \$1,511,552                            | \$1,085,738            | \$425,814                             | \$1,509,866                            | \$1,084,052            |

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**2013 & 2014 Tax Years**

|                          | 2013 Total<br>Frozen<br>Taxable Value | 2013 Total<br>Current<br>Taxable Value | Net<br>Increase/(Loss) | 2014 Total<br>Frozen<br>Taxable Value | 2014 Total<br>Current<br>Taxable Value | Net<br>Increase/(Loss) |
|--------------------------|---------------------------------------|----------------------------------------|------------------------|---------------------------------------|----------------------------------------|------------------------|
| City of Flint            | \$18,500                              | \$18,500                               | \$0                    | \$150,600                             | \$150,600                              | \$0                    |
| City of Grand Rapids     | \$1,816,128                           | \$4,059,754                            | \$2,243,626            | \$2,012,628                           | \$5,751,971                            | \$3,739,343            |
| City of Hartford         | \$124,160                             | \$124,160                              | \$0                    | \$124,160                             | \$124,160                              | \$0                    |
| City of Howell           | \$283,051                             | \$283,051                              | \$0                    | \$283,051                             | \$283,051                              | \$0                    |
| City of Ionia            | \$164,577                             | \$66,016                               | \$(98,561)             | \$151,687                             | \$66,393                               | \$(85,294)             |
| City of Ishpeming        | \$70,015                              | \$70,015                               | \$0                    | \$70,015                              | \$70,015                               | \$0                    |
| City of Ithaca           | \$19,339                              | \$20,300                               | \$961                  | \$19,300                              | \$20,624                               | \$1,324                |
| City of Jackson          | \$289,368                             | \$1,371,000                            | \$1,081,632            | \$289,368                             | \$1,232,550                            | \$943,182              |
| City of Lansing          | \$4,477,333                           | \$8,379,512                            | \$3,902,179            | \$4,352,833                           | \$7,313,575                            | \$2,960,742            |
| City of Ludington        | \$266,299                             | \$539,199                              | \$272,900              | \$266,299                             | \$525,461                              | \$259,162              |
| City of Melvindale       | \$153,114                             | \$353,114                              | \$200,000              | \$153,114                             | \$353,114                              | \$200,000              |
| City of Monroe           | \$946,340                             | \$1,078,370                            | \$132,030              | \$853,290                             | \$964,780                              | \$111,490              |
| City of Mount Clemens    | \$85,000                              | \$311,137                              | \$226,137              | \$85,000                              | \$412,262                              | \$327,262              |
| City of Mount Pleasant   | \$74,350                              | \$690,350                              | \$616,000              | NA                                    | NA                                     | NA                     |
| City of Muskegon Heights | \$13,800                              | \$10,800                               | \$(3,000)              | \$10,800                              | \$10,800                               | \$0                    |
| City of Muskegon         | \$983,843                             | \$906,940                              | \$(76,903)             | \$549,490                             | \$835,987                              | \$286,497              |

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**2013 & 2014 Tax Years**

|                           | 2013 Total<br>Frozen<br>Taxable Value | 2013 Total<br>Current<br>Taxable Value | Net<br>Increase/(Loss) | 2014 Total<br>Frozen<br>Taxable Value | 2014 Total<br>Current<br>Taxable Value | Net<br>Increase/(Loss) |
|---------------------------|---------------------------------------|----------------------------------------|------------------------|---------------------------------------|----------------------------------------|------------------------|
| City of Owosso            | \$100,650                             | \$277,450                              | \$176,800              | \$133,950                             | \$277,865                              | \$143,915              |
| City of Pontiac           | \$1,894,377                           | \$1,519,530                            | \$(374,847)            | \$3,096,580                           | \$1,453,610                            | (\$1,642,970)          |
| City of Port Huron        | \$495,850                             | \$495,800                              | \$(50)                 | \$495,800                             | \$495,800                              | \$0                    |
| City of River Rouge       | \$112,766                             | \$182,815                              | \$70,049               | \$112,766                             | \$218,062                              | \$105,296              |
| City of Saginaw           | \$776,711                             | \$333,923                              | \$(442,788)            | \$824,735                             | \$623,617                              | (\$201,118)            |
| City of Sault. Ste. Marie | \$80,500                              | \$86,100                               | \$5,600                | \$80,500                              | \$83,978                               | \$3,478                |
| City of Sturgis           | \$182,731                             | \$182,700                              | \$(31)                 | \$182,700                             | \$80,000                               | (\$102,700)            |
| City of Taylor            | \$146,300                             | \$0                                    | \$(146,300)            | \$0                                   | \$0                                    | \$0                    |
| City of Three Rivers      | \$190,987                             | \$608,267                              | \$417,280              | \$160,982                             | \$521,393                              | \$360,411              |
| City of Trenton           | \$81,600                              | \$657,352                              | \$575,752              | \$81,600                              | \$667,869                              | \$586,269              |
| City of Vassar            | NA                                    | NA                                     | NA                     | \$42,300                              | \$79,400                               | \$37,100               |
| City of Warren            | \$1,152,190                           | \$3,309,310                            | \$2,157,120            | \$1,152,190                           | \$3,362,250                            | \$2,210,060            |
| City of Wyandotte         | \$601,000                             | \$1,132,098                            | \$531,098              | \$600,940                             | \$1,751,148                            | \$1,150,208            |
| City of Ypsilanti         | \$369,143                             | \$690,000                              | \$320,857              | \$369,072                             | \$545,777                              | \$176,705              |
| <b>Total</b>              | <b>\$34,204,002</b>                   | <b>\$89,456,511</b>                    | <b>\$55,252,509</b>    | <b>\$33,525,296</b>                   | <b>\$94,346,764</b>                    | <b>\$60,821,468</b>    |