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August 25, 2015

RICK SNYDER  
GOVERNOR

STATE OF MICHIGAN  
DEPARTMENT OF TREASURY  
LANSING

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, Appropriation Committee  
Representative Joe Haveman, Chairperson, Appropriation Committee  
Senator Jack Brandenburg, Chairperson, Finance Committee  
Representative Jeff Farrington, Chairperson, Tax Policy Committee

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

**SUBJECT:** Commercial Redevelopment Act Exemption Report – 2013 & 2014 Tax Years

Please find attached one copy of the Commercial Redevelopment Act Exemption Report for the 2013 and 2014 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  
Paul Connors, Legislative Liaison  
Ed Koryzno, Director, Bureau of Local Government Services  
Larry Steckelberg, Administrator, Property Services Division  
Cindy Peruchiatti, Director, Budget Division

# Michigan Department of Treasury Commercial Redevelopment Act Exemption Report

## 2013 and 2014 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 2013, there were two local government units participating and for 2014 there were seven local governmental units participating in the Commercial Redevelopment program.

### Activity:

For the 2013 tax year, there was two properties receiving a Commercial Redevelopment Exemption. (See Table 1) It is estimated, through data provided by the local government assessor<sup>1</sup>, that these projects have resulted in 20 construction jobs, 29 existing jobs retained, and 12 new jobs created. These properties are comprised of replacement, and new facilities with an estimated current taxable value of \$585,831. (See Tables 2 & 3)

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 assessor<sup>1</sup>, 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)

<sup>1</sup> As determined from data provided by the local government assessor.

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**2013 and 2014 Tax Years**

**Commercial Redevelopment Exemptions and Jobs**

Table 1

	<u>2013 Exemptions</u>	<u>2014 Exemptions</u>	<u>2013 Construction Jobs</u>	<u>2014 Construction Jobs</u>	<u>2013 Jobs Retained</u>	<u>2014 Jobs Retained</u>	<u>2013 Jobs Created</u>	<u>2014 Jobs Created</u>
City of Center Line	NA	1	NA	120	NA	125	NA	10
City of Detroit	NA	1	NA	0	NA	0	NA	0
City of Gaylord	NA	1	NA	0	NA	0	NA	30
City of Owosso	1	1	20	20	29	29	12	12
City of Perry	NA	1	NA	0	NA	0	NA	0
City of Westland	NA	1	NA	5	NA	0	NA	4
City of Wyandotte	1	2	0	0	0	12	0	28
<b>Grand Total</b>	<b>2</b>	<b>8</b>	<b>20</b>	<b>145</b>	<b>29</b>	<b>166</b>	<b>12</b>	<b>84</b>

**Commercial Redevelopment Frozen and Current Taxable Values<sup>1</sup>**

Table 2

	<u>2013 Frozen Value</u>	<u>2014 Frozen Value</u>	<u>2013 Current Value</u>	<u>2014 Current Value</u>
City of Center Line	NA	\$120,000	NA	\$125,000
City of Detroit	NA	\$75,489	NA	\$9,429

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City of Gaylord	NA	\$154,100	NA	\$154,100
City of Owosso	NA	NA	\$187,700	\$187,700
City of Perry	NA	NA	NA	\$200,000
City of Westland	NA	\$33,480	NA	\$33,480
City of Wyandotte	NA	\$53,863	\$398,131	\$598,264
Grand Total	\$0	\$436,932	\$585,831	\$1,307,973

**Commercial Redevelopment Facility Types**

Table 3

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