



STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

RICK SNYDER
GOVERNOR

NICK A. KHOURI
STATE TREASURER

DATE: December 12, 2017

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: Commercial Rehabilitation Act Exemption Report – 2016 & 2017 Tax
Years

Please find attached one copy of the Commercial Rehabilitation Act Exemption Report for both the 2016 and 2017 tax years. This report is required by Public Act 210 of 2005, the Commercial 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 commercial rehabilitation districts, based on the information filed with the commission

Attachment

cc: Joseph Fielek, Chief Deputy Treasurer
Dr. Eric Scorsone, Senior Deputy State Treasurer
Howard Ryan, Legislative Liaison
Ed Koryzno, Director, Bureau of Local Government and School Services

Michigan Department of Treasury Commercial Rehabilitation Act Exemption Report

2016 & 2017 Tax Years

Background:

Public Act 210 of 2005, as amended, the Commercial Rehabilitation Act provides for property tax exemptions of commercial, multifamily residential and qualified retail food establishment properties, excluding land, which are rehabilitated and meet the requirements of the Act. Exemptions are approved for a term of 1-10 years, as determined by the unit of local government.

There are two parts to the calculation of taxes owed on a Commercial 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.

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 2016 and 2017 tax years, there were 46 and 53 units of local government, respectively, participating in the program.

Activity:

For the 2016 tax year, there were 104 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 1,106 construction jobs created, 1,203 existing jobs being retained, and 938 new jobs having been created. These properties had a combined frozen taxable value totaling \$30,298,090 for 2016. These properties had a combined current taxable value totaling \$68,307,710 for 2016. The overall increase in taxable value for 2016 is \$38,009,620. (See Table 2.)

For the 2017 tax year, there were 121 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 1,254 construction jobs created, 1,451 existing jobs being retained, and 1,693 new jobs having been created. These properties had a combined frozen taxable value totaling \$35,054,217 for 2017. These properties had a combined current taxable value totaling \$119,225,984 for 2017. The overall increase in taxable value for 2017 is \$84,171,768. (See Table 2.)

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

2016 & 2017 Tax Years

**Table 1
Exemptions and Jobs**

	2017 Exemptions	2016 Exemptions	2017 Construction Jobs	2016 Construction Jobs	2017 Jobs Created	2016 Jobs Created	2017 Jobs Retained	2016 Jobs Retained
Village of Almont	3	3	0	0	0	0	0	0
City of Alpena	3	3	50	85	17	45	45	17
City of Auburn Hills	1	1	25	25	65	0	0	65
City of Au Gres	4	4	61	6	23	5	21	8
Village of Baroda	NA	1	NA	0	NA	0	NA	0
City of Battle Creek	1	1	0	0	38	6	2	33
City of Bay City	1	1	40	40	0	0	0	0
City of Benton Harbor	1	1	0	0	0	133	0	31
Township of Big Rapids	1	1	62	62	30	15	15	30
City of Bridgman	2	1	47	0	0	0	25	0
Township of Brownstown	2	2	20	20	0	136	149	0
Township of Calumet	1	1	5	5	1	1	1	1
Township of Clam Lake	2	2	13	13	5	5	5	5
Township of Clark	2	NA	8	NA	9	NA	5	NA
Village of Decatur	1	NA	0	NA	0	NA	0	NA
Township of Delta	1	1	0	0	400	0	800	0

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

2016 & 2017 Tax Years

	2017 Exemptions	2016 Exemptions	2017 Construction Jobs	2016 Construction Jobs	2017 Jobs Created	2016 Jobs Created	2017 Jobs Retained	2016 Jobs Retained
City of Detroit	32	29	0	0	0	0	0	0
Township of DeWitt	2	3	22	32	23	1	21	23
City of Flint	2	2	0	0	0	0	0	0
Township of Flint	1	1	15	15	6	3	3	6
City of Flushing	1	NA	0	NA	0	NA	7	NA
City of Gladwin	1	1	118	118	33	21	0	33
City of Grand Rapids	1	1	9	9	14	6	6	14
City of Grosse Pointe	1	1	0	0	0	0	0	0
Township of Hampton	2	2	0	80	70	31	0	1
City of Harrison	NA	1	NA	10	NA	6	NA	6
Village of Hesperia	2	NA	0	NA	0	NA	0	NA
City of Hillsdale	7	7	153	50	139	31	57	91
Township of Inverness	NA	1	NA	100	NA	8	NA	29
City of Jackson	1	NA	78	NA	0	NA	0	NA
City of Jonesville	1	1	0	0	0	0	0	0
City of Laingsburg	1	NA	2	NA	3	NA	0	NA
City of Livonia	3	3	0	0	0	35	0	0
Village of Mancelona	1	1	0	0	0	0	0	0
City of Marlette	1	1	40	40	80	80	80	60

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

2016 & 2017 Tax Years

	2017 Exemptions	2016 Exemptions	2017 Construction Jobs	2016 Construction Jobs	2017 Jobs Created	2016 Jobs Created	2017 Jobs Retained	2016 Jobs Retained
City of Marquette	1	1	15	15	52	25	25	52
City of Milan	1	1	0	12	0	0	0	15
City of Morenci	2	2	25	0	0	0	1	0
City of Muskegon	4	4	0	64	0	38	0	6
Township of Niles	1	1	25	25	20	20	20	20
City of Novi	1	1	0	0	0	0	0	0
Township of Plainfield	1	1	20	20	15	25	25	15
City of Pontiac	1	1	115	95	28	5	3	28
City of Reed City	2	2	0	0	45	11	11	45
City of Roseville	3	2	75	0	144	100	200	90
City of St. Johns	2	2	22	22	7	10	10	7
City of Saline	1	NA	0	NA	0	NA	0	NA
City of Southfield	3	2	0	15	0	50	0	485
City of Southgate	1	NA	51	NA	162	NA	90	NA
Village of Stevensville	2	1	35	25	6	8	8	0
Township of Sturgis	1	1	0	0	0	0	0	0
Township of Sunfield	1	NA	0	NA	2	NA	0	NA
Township of Washington	1	1	0	0	10	0	0	10
City of Whitehall	1	1	15	15	0	20	20	0
Township of White Lake	1	NA	0	NA	0	NA	0	NA
City of Zeeland	4	4	88	88	4	38	38	4
Total	121	106	1,254	1,106	1,451	918	1,693	1,230

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

2016 & 2017 Tax Years

**Table 2
Frozen and Current Value**

	2017 Frozen Taxable Value	2017 Current Taxable Value	Net Increase/(Loss)	2016 Frozen Taxable Value	2016 Current Taxable Value	Net Increase/(Loss)
Village of Almont	\$1,133,039	\$1,133,039	\$0	\$1,133,039	\$1,132,900	(\$139)
City of Alpena	\$230,900	\$1,927,937	\$1,697,037	\$230,900	\$1,123,928	\$893,028
City of Auburn Hills	\$1,147,740	\$758,610	(\$389,130)	\$1,147,740	\$800,990	(\$346,750)
City of Au Gres	\$359,994	\$595,222	\$235,228	\$60,350	\$60,350	\$0
Village of Baroda	NA	NA	NA	\$13,324	\$38,000	\$24,676
City of Battle Creek	\$24,493	\$367,073	\$342,580	\$24,493	\$365,960	\$341,467
City of Bay City	\$39,250	\$39,250	\$0	\$39,250	\$1,879,534	\$1,840,284
City of Benton Harbor	\$177,697	\$15,474,057	\$15,296,360	\$177,697	\$15,474,057	\$15,296,360
Township of Big Rapids	\$83,900	\$83,900	\$0	\$83,900	\$83,900	\$0
City of Bridgman	\$220,526	\$319,600	\$99,074	\$144,800	\$144,800	\$0
Township of Brownstown	\$332,220	\$1,399,800	\$1,067,580	\$332,220	\$1,399,800	\$1,067,580
Township of Calumet	\$113,800	\$135,000	\$21,200	\$113,800	\$135,000	\$21,200
Township of Clam Lake	\$230,900	\$96,000	(\$134,900)	\$230,900	\$95,785	(\$135,115)
Township of Clark	\$91,467	\$80,713	(\$10,754)	NA	NA	NA
Village of Decatur	\$19,019	\$0	(\$19,019)	NA	NA	NA
Township of Delta	\$2,495,800	\$2,495,800	\$0	\$2,495,800	\$2,495,800	\$0

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

2016 & 2017 Tax Years

	2017 Frozen Taxable Value	2017 Current Taxable Value	Net Increase/(Loss)	2016 Frozen Taxable Value	2016 Current Taxable Value	Net Increase/(Loss)
City of Detroit	\$7,172,446	\$54,797,423	\$47,624,977	\$6,982,487	\$14,162,145	\$7,179,658
Township of DeWitt	\$273,700	\$91,324	(\$182,376)	\$324,800	\$126,510	(\$198,290)
City of Flint	\$501,400	\$5,657,260	\$5,155,860	\$501,200	\$6,108,000	\$5,606,800
Township of Flint	\$119,077	\$156,304	\$37,227	\$131,400	\$131,400	\$0
City of Flushing	\$410,400	\$410,400	\$0	NA	NA	NA
City of Gladwin	\$67,000	\$223,657	\$156,657	\$67,000	\$309,891	\$242,891
City of Grand Rapids	\$506,620	\$590,904	\$84,284	\$506,620	\$585,634	\$79,014
City of Grosse Pointe	\$424,500	\$73,700	(\$350,800)	\$424,500	\$424,500	\$0
Township of Hampton	\$3,346	\$3,011,347	\$3,008,001	\$3,346	\$853,800	\$850,454
City of Harrison	NA	NA	NA	\$629,202	\$270,709	(\$358,493)
Village of Hesperia	\$18,465	\$18,465	\$0	NA	NA	NA
City of Hillsdale	\$1,706,689	\$1,983,754	\$277,065	\$1,706,689	\$1,981,285	\$274,596
Township of Inverness	NA	NA	NA	\$131,139	\$1,186,800	\$1,055,661
City of Jackson	0	\$34,000	\$34,000	NA	NA	NA
City of Jonesville	\$20,596	\$245,120	\$224,524	\$20,596	\$50,540	\$29,944
City of Laingsburg	\$9,870	\$9,870	\$0	NA	NA	NA
City of Livonia	\$1,389,760	\$1,389,760	\$0	\$1,389,760	\$1,389,760	\$0
Village of Mancelona	\$144,700	\$132,600	(\$12,100)	\$144,700	\$131,600	(\$13,100)
City of Marlette	\$569,781	\$569,781	\$0	\$569,781	\$569,781	\$0

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

2016 & 2017 Tax Years

	2017 Frozen Taxable Value	2017 Current Taxable Value	Net Increase/(Loss)	2016 Frozen Taxable Value	2016 Current Taxable Value	Net Increase/(Loss)
City of Marquette	\$218,301	\$218,301	\$0	\$218,301	\$172,200	(\$46,101)
City of Milan	\$183,037	\$183,037	\$0	\$183,037	\$214,331	\$31,294
City of Morenci	\$56,000	\$144,000	\$88,000	\$56,000	\$145,780	\$89,780
City of Muskegon	\$1,878,300	\$211,083	(\$1,667,217)	\$1,884,000	\$218,339	(\$1,665,661)
Township of Niles	\$330,185	\$330,185	\$0	\$330,185	\$330,185	\$0
City of Novi	\$0	\$3,883,680	\$3,883,680	\$0	\$3,849,040	\$3,849,040
Township of Plainfield	\$424,700	\$598,666	\$173,966	\$424,700	\$597,115	\$172,415
City of Pontiac	\$2,068,350	\$1,060,320	(\$1,008,030)	\$2,068,350	\$405,840	(\$1,662,510)
City of Reed City	\$228,455	\$78,261	(\$150,194)	\$228,455	\$83,561	(\$144,894)
City of Roseville	\$332,343	\$4,261,181	\$3,928,838	\$327,694	\$3,762,000	\$3,434,306
City of St. Johns	\$95,100	\$95,100	\$0	\$95,100	\$101,679	\$6,579
City of Saline	\$1,382,332	\$1,382,332	\$0	NA	NA	NA
City of Southfield	\$4,644,354	\$11,017,594	\$6,373,240	\$4,289,522	\$4,289,522	\$0
City of Southgate	\$2,286,660	\$0	(\$2,286,660)	NA	NA	NA
Village of Stevensville	\$25,000	\$257,306	\$232,306	\$0	\$11,800	\$11,800
Township of Sturgis	\$130,054	\$146,154	\$16,100	\$130,054	\$139,400	\$9,346
Township of Sunfield	\$5,362	\$5,362	\$0	NA	NA	NA
Township of Washington	\$71,500	\$282,100	\$210,600	\$71,500	\$282,100	\$210,600
City of Whitehall	\$44,600	\$1,4058	(\$30,542)	\$44,600	\$6,500	(\$38,100)
Township of White Lake	\$419,130	\$419,130	\$0	NA	NA	NA
City of Zeeland	\$191,359	\$336,464	\$145,105	\$185,159	\$185,159	\$0
Total	\$35,054,217	\$119,225,984	\$84,171,767	\$30,298,090	\$68,307,710	\$38,009,620