



STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

RICK SNYDER
GOVERNOR

NICK A. KHOURI
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: Commercial Rehabilitation Act Exemption Report – 2017 & 2018 Tax
Years

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

2017 & 2018 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 2017 and 2018 tax years, there were 53 and 58 units of local government, respectively, participating in the program.

Activity:

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.)

For the 2018 tax year, there were 131 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 1,889 construction jobs created, 1,679 existing jobs being retained, and 3,104 new jobs having been created. These properties had a combined frozen taxable value totaling \$37,752,136 for 2018. These properties had a combined current taxable value totaling \$143,076,166 for 2018. The overall increase in taxable value for 2018 is \$105,324,030. (See Table 2.)

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

2017 & 2018 Tax Years

**Table 1
Exemptions and Jobs**

	2017 Exemptions	2018 Exemptions	2017 Construction Jobs	2018 Construction Jobs	2017 Jobs Created	2018 Jobs Created	2017 Jobs Retained	2018 Jobs Retained
Village of Almont	3	1	0	0	0	0	0	0
City of Alpena	3	3	50	85	17	45	45	17
Township of Antwerp	NA	1	NA	0	NA	0	NA	0
City of Auburn Hills	1	1	25	25	65	0	0	65
City of Au Gres	4	4	61	61	23	21	21	23
City of Battle Creek	1	1	0	0	38	0	2	33
City of Bay City	1	1	40	40	0	15	0	15
City of Benton Harbor	1	1	0	0	0	0	0	0
Village of Bellaire	NA	1	NA	0	NA	206	NA	45
Township of Big Rapids	1	1	62	62	30	30	15	15
City of Bridgman	2	2	47	20	0	0	25	25
Township of Brownstown	2	2	20	20	0	149	149	0
Township of Calumet	1	1	5	5	1	5	1	5
Township of Clam Lake	2	2	13	13	5	5	5	5
Township of Clark	2	2	8	8	9	5	5	9
Village of Decatur	1	1	0	0	0	0	0	0
Township of Delta	1	1	0	0	400	800	800	400

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

2017 & 2018 Tax Years

	2017 Exemptions	2018 Exemptions	2017 Construction Jobs	2018 Construction Jobs	2017 Jobs Created	2018 Jobs Created	2017 Jobs Retained	2018 Jobs Retained
City of Detroit	32	37	0	0	0	0	0	0
Township of DeWitt	2	2	22	22	23	21	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	1	0	0	0	0	7	7
City of Gladwin	1	1	118	118	33	33	0	0
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
Village of Hesperia	2	2	0	2	0	0	0	0
City of Hillsdale	7	6	153	139	139	52	57	128
City of Jackson	1	1	78	78	0	0	0	0
City of Jonesville	1	1	0	0	0	0	0	0
City of Laingsburg	1	1	2	6	3	9	0	0
City of Livonia	3	3	0	0	0	95	0	90
Village of Mancelona	1	1	0	2	0	0	0	0
City of Marlette	1	1	40	40	80	80	80	80

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

2017 & 2018 Tax Years

	2017 Exemptions	2018 Exemptions	2017 Construction Jobs	2018 Construction Jobs	2017 Jobs Created	2018 Jobs Created	2017 Jobs Retained	2018 Jobs Retained
City of Marquette	1	1	15	15	52	50	25	25
City of Milan	1	1	0	64	0	12	0	24
City of Morenci	2	2	25	25	0	0	1	1
Township of Mundy	NA	1	NA	80	NA	33	NA	33
City of Muskegon	4	3	0	59	0	26	0	6
City of Muskegon Heights	NA	1	NA	110	NA	14	NA	4
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	17	25	15
City of Pontiac	1	1	115	210	28	5	3	28
City of Reed City	2	2	0	9	45	5	11	10
City of Roseville	3	4	75	100	144	260	200	144
City of St. Johns	2	1	22	18	7	9	10	0
City of Saline	1	1	0	0	0	0	0	0
City of Southfield	3	6	0	50	0	641	0	14
City of Southgate	1	1	51	51	162	90	90	162
Village of Stevensville	2	2	35	17	6	10	8	16
Township of Sturgis	1	1	0	6	0	7	0	0
Township of Sunfield	1	1	0	0	2	2	0	0
City of Warren	NA	1	NA	0	NA	260	NA	130
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	1	0	0	0	0	0	0
City of Zeeland	4	7	88	165	4	52	38	31
Total	121	131	1,254	1,889	1,451	3,104	1,693	1,679

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

2017 & 2018 Tax Years

**Table 2
Frozen and Current Value**

	2017 Frozen Taxable Value	2017 Current Taxable Value	Net Increase/(Loss)	2018 Frozen Taxable Value	2018 Current Taxable Value	Net Increase/(Loss)
Village of Almont	\$1,133,039	\$1,133,039	\$0	\$72,700	\$72,700	\$0
City of Alpena	\$230,900	\$1,927,937	\$1,697,037	\$230,900	\$2,570,724	\$2,339,824
Township of Antwerp	NA	NA	NA	\$37,500	\$37,500	\$0
City of Auburn Hills	\$1,147,740	\$758,610	(\$389,130)	\$1,147,740	\$774,540	(\$373,200)
City of Au Gres	\$359,994	\$595,222	\$235,228	\$359,994	\$782,309	\$422,315
City of Battle Creek	\$24,493	\$367,073	\$342,580	\$24,493	\$367,073	\$342,580
City of Bay City	\$39,250	\$39,250	\$0	\$39,250	\$39,250	\$0
City of Benton Harbor	\$177,697	\$15,474,057	\$15,296,360	\$960,146	\$10,786,353	\$9,826,207
Village of Bellaire	NA	NA	NA	\$102,200	\$102,200	\$0
Township of Big Rapids	\$83,900	\$83,900	\$0	\$83,900	\$83,900	\$0
City of Bridgman	\$220,526	\$319,600	\$99,074	\$220,526	\$509,600	\$289,074
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	\$94,600	(\$136,300)
Township of Clark	\$91,467	\$80,713	(\$10,754)	\$91,467	\$82,407	(\$9,060)
Village of Decatur	\$19,019	\$0	(\$19,019)	\$19,019	\$0	(\$19,019)
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**

2017 & 2018 Tax Years

	2017 Frozen Taxable Value	2017 Current Taxable Value	Net Increase/(Loss)	2018 Frozen Taxable Value	2018 Current Taxable Value	Net Increase/(Loss)
City of Detroit	\$7,172,446	\$54,797,423	\$47,624,977	\$7,288,666	\$73,873,680	\$66,585,014
Township of DeWitt	\$273,700	\$91,324	(\$182,376)	\$273,700	\$5,671,808	\$5,398,108
City of Flint	\$501,400	\$5,657,260	\$5,155,860	\$501,200	\$5,671,808	\$5,170,608
Township of Flint	\$119,077	\$156,304	\$37,227	\$119,077	\$159,586	\$40,509
City of Flushing	\$410,400	\$410,400	\$0	\$410,400	\$651,900	\$241,500
City of Gladwin	\$67,000	\$223,657	\$156,657	\$67,000	\$223,657	\$156,657
City of Grand Rapids	\$506,620	\$590,904	\$84,284	\$506,620	\$603,312	\$96,692
City of Grosse Pointe	\$424,500	\$73,700	(\$350,800)	\$424,500	\$134,147	(\$290,353)
Township of Hampton	\$3,346	\$3,011,347	\$3,008,001	\$3,346	\$4,102,275	\$4,098,929
Village of Hesparia	\$18,465	\$18,465	\$0	\$18,465	\$37,965	\$19,500
City of Hillsdale	\$1,706,689	\$1,983,754	\$277,065	\$1,663,168	\$1,943,881	\$280,713
City of Jackson	\$0	\$34,000	\$34,000	\$0	\$1,083,500	\$1,083,500
City of Jonesville	\$20,596	\$245,120	\$224,524	\$20,596	\$250,267	\$229,671
City of Laingsburg	\$9,870	\$9,870	\$0	\$9,870	\$10,077	\$207
City of Livonia	\$1,389,760	\$1,389,760	\$0	\$1,389,760	\$7,557,900	\$6,168,140
Village of Mancelona	\$144,700	\$132,600	(\$12,100)	\$144,700	\$150,100	\$5,400
City of Marquette	\$218,301	\$218,301	\$0	\$218,301	\$218,301	\$0
City of Milan	\$183,037	\$183,037	\$0	\$183,037	\$183,037	\$0
City of Morenci	\$56,000	\$144,000	\$88,000	\$56,000	\$147,023	\$91,023
Township of Mundy	NA	NA	NA	\$99,000	\$99,000	\$0
City of Muskegon	\$1,878,300	\$211,083	(\$1,667,217)	\$1,878,300	\$215,514	(\$1,662,786)

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

2017 & 2018 Tax Years

	2017 Frozen Taxable Value	2017 Current Taxable Value	Net Increase/(Loss)	2018 Frozen Taxable Value	2018 Current Taxable Value	Net Increase/(Loss)
City of Muskegon Heights	NA	NA	NA	\$0	\$0	\$0
Township of Niles	\$330,185	\$330,185	\$0	\$330,185	\$330,185	\$0
City of Novi	\$0	\$3,883,680	\$3,883,680	\$0	\$3,965,230	\$3,965,230
Township of Plainfield	\$424,700	\$598,666	\$173,966	\$424,700	\$602,319	\$177,619
City of Pontiac	\$2,068,350	\$1,060,320	(\$1,008,030)	\$2,068,350	\$3,150,220	\$1,081,870
City of Reed City	\$228,455	\$78,261	(\$150,194)	\$228,455	\$308,356	\$79,901
City of Roseville	\$332,343	\$4,261,181	\$3,928,838	\$332,343	\$4,930,260	\$4,597,917
City of St. Johns	\$95,100	\$95,100	\$0	\$27,000	\$2,413	(\$24,587)
City of Saline	\$1,382,332	\$1,382,332	\$0	\$1,382,332	\$1,382,332	\$0
City of Southfield	\$4,644,354	\$11,017,594	\$6,373,240	\$6,577,932	\$6,577,932	\$0
City of Southgate	\$2,286,660	\$0	(\$2,286,660)	\$2,286,660	\$224,200	(\$2,062,460)
Village of Stevensville	\$25,000	\$257,306	\$232,306	\$25,000	\$173,400	\$148,400
Township of Sturgis	\$130,054	\$146,154	\$16,100	\$130,054	\$149,223	\$19,169
Township of Sunfield	\$5,362	\$5,362	\$0	\$5,362	\$5,362	\$0
City of Warren	NA	NA	NA	\$620,755	\$620,755	\$0
Township of Washington	\$71,500	\$282,100	\$210,600	\$71,500	\$282,100	\$210,600
City of Whitehall	\$44,600	\$14,058	(\$30,542)	\$44,600	\$14,353	(\$30,247)
Township of White Lake	\$419,130	\$419,130	\$0	\$419,130	\$419,130	\$0
City of Zeeland	\$191,359	\$336,464	\$145,105	\$369,736	\$831,588	\$461,852
Total	\$35,054,217	\$119,225,984	\$84,171,767	\$37,752,136	\$143,076,166	\$105,324,030