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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
State Tax Commission

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

Please find attached one copy of the Commercial Rehabilitation Act Exemption Report for both the 2013 and 2014 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: 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
Commercial Rehabilitation Act Exemption Report

2013 & 2014 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 2013 and 2014 tax years, there were 28 and 34 units of local government, respectively, participating in the program.

Activity:

For the 2013 tax year, there were 45 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 870 construction jobs created, 2,094 existing jobs being retained, and 611 new jobs have been created. These properties had a combined frozen taxable value totaling \$10,863,656 for 2013. These properties had a combined current taxable value totaling \$22,771,507 for 2013. The overall increase in taxable value for 2013 is \$11,907,851. (See Table 2.)

For the 2014 tax year, there were 63 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 761 construction jobs created, 1,994 existing jobs being retained, and 695 new jobs have been created. These properties had a combined frozen taxable value totaling \$16,941,203 for 2014. These properties had a combined current taxable value totaling \$37,796,201 for 2014. The overall increase in taxable value for 2014 is \$20,854,998. (See Table 2.)

As determined from data provided by the unit of local government assessor's office.

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Table 1
Exemptions and Jobs

	2013 Exemptions	2014 Exemptions	2013 Construction Jobs	2014 Construction Jobs	2013 Jobs Created	2014 Jobs Created	2013 Jobs Retained	2014 Jobs Retained
Village of Almont	2	3	0	0	0	0	0	0
City of Alpena	2	2	35	35	27	27	17	17
City of Auburn Hills	1	1	0	25	25	0	65	65
City of Au Gres	NA	1	NA	6	NA	5	NA	8
Village of Baroda	2	2	0	0	0	0	0	0
City of Battle Creek	1	1	0	0	0	13	20	33
City of Bay City	1	1	40	0	0	0	0	0
City of Benton Harbor	1	1	200	200	400	400	1,600	1,600
Township of Big Rapids	1	1	70	62	15	30	35	11
Township of Calumet	1	1	16	16	24	24	0	0
Township of Clam Lake	1	2	13	13	2	5	3	5
Township of Delta	1	1	0	0	0	0	0	0
City of Detroit	7	12	0	0	0	0	0	0
Township of DeWitt	3	3	42	42	2	2	7	7
City of Flint	1	2	200	0	10	0	120	0

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	2013 Exemptions	2014 Exemptions	2013 Construction Jobs	2014 Construction Jobs	2013 Jobs Created	2014 Jobs Created	2013 Jobs Retained	2014 Jobs Retained
City of Flushing	1	1	0	0	0	0	0	0
City of Gladwin	NA	1	NA	118	NA	21	NA	33
City of Grandville	1	1	0	0	0	0	0	0
City of Harrison	1	1	10	10	6	6	6	6
City of Hillsdale	4	6	52	40	27	17	23	87
Township of Inverness	1	1	100	100	6	8	29	29
Village of Jonesville	1	1	0	0	3	0	31	34
City of Livonia	NA	1	NA	0	NA	0	NA	0
Village of Mancelona	1	1	0	0	0	0	0	0
City of Marlette	NA	1	NA	0	NA	0	NA	0
City of Milan	NA	1	NA	0	NA	0	NA	0
City of Muskegon	2	3	21	21	14	16	6	6
Township of Niles	1	1	25	25	20	20	20	20
City of Novi	1	1	0	0	0	37	0	0
Township of Plainfield	1	1	20	20	7	7	15	15
City of Reed City	2	2	0	0	11	45	45	11
City of St. Johns	2	3	22	22	12	12	7	7

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Township of Washington	NA	1	NA	0	NA	0	NA	0
City of Whitehall	1	1	4	6	0	0	0	0
Total	**45**	**63**	**870**	**761**	**611**	**695**	**2,049**	**1,994**

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Table 2
Frozen and Current Value

	2013 Frozen Taxable Value	2013 Current Taxable Value	Net Increase (Loss)	2014 Frozen Taxable Value	2014 Current Taxable Value	Net Increase (Loss)
Village of Almont	$1,060,339	$175,000	($885,339)	$1,132,900	$245,000	($887,900)
City of Alpena	$230,900	$832,100	$601,200	$230,900	$837,466	$606,566
City of Auburn Hills	$1,147,740	$1,147,740	$0	$1,147,740	$950,040	($197,700)
City of Au Gres	NA	NA	NA	$53,209	$151,700	$98,491
Village of Baroda	$39,424	$83,200	$43,776	$39,424	$83,200	$43,776
City of Battle Creek	$24,493	$367,100	$342,607	$24,493	$367,100	$342,607
City of Bay City	$39,250	$39,250	$0	$39,250	$769,600	$730,350
City of Benton Harbor	$960,146	$5,625,100	$4,664,954	$960,146	$10,542,101	$9,581,955
Township of Big Rapids	$83,900	$83,900	$0	$83,900	$83,900	$0
Township of Calumet	$113,800	$135,000	$21,200	$113,800	$135,000	$21,200
Township of Clam Lake	$214,600	$60,900	($153,700)	$230,900	$70,900	($160,000)
Township of Delta	$2,495,800	$1,194,800	($1,301,000)	$2,495,800	$3,709,716	$1,213,916
City of Detroit	$836,060	$8,754,238	$7,918,178	$3,728,427	$9,711,369	$5,982,942
Township of DeWitt	$138,700	$119,100	($19,600)	$138,700	$111,900	($26,800)
City of Flint	$400,000	$400,000	$0	$501,200	$501,200	$0

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	2013 Frozen Taxable Value	2013 Current Taxable Value	Net Increase (Loss)	2014 Frozen Taxable Value	2014 Current Taxable Value	Net Increase (Loss)
City of Flushing	$435,200	$435,200	$0	$435,200	$599,500	$164,300
City of Gladwin	NA	NA	NA	$67,000	$304,100	$237,100
City of Grandville	$62,156	$0	($62,156)	$0	$0	$0
City of Harrison	$629,202	$285,100	($344,102)	$629,202	$269,900	($359,302)
City of Hillsdale	$264,274	$551,181	$286,907	$998,089	$1,634,350	$636,261
Township of Inverness	$131,139	$1,137,828	$1,006,689	$131,139	$1,156,133	$1,024,994
Village of Jonesville	$20,593	$48,815	$28,222	$48,692	$58,851	$10,159
City of Livonia	NA	NA	NA	$466,500	$466,500	$0
Village of Mancelona	$144,700	$0	($144,700)	$17,600	$58,000	$40,400
City of Marlette	NA	NA	NA	$0	$0	$0
City of Milan	NA	NA	NA	$183,037	$175,747	($7,290)
City of Muskegon	$268,200	$125,600	($142,600)	$1,846,500	$87,000	($1,759,500)
Township of Niles	$330,185	$89,700	($240,485)	$89,700	$89,700	$0
City of Novi	$0	$0	$0	$0	$3,777,100	$3,777,100
Township of Plainfield	$424,700	$668,100	$243,400	$668,100	$596,600	($71,500)
City of Reed City	$228,455	$305,355	$76,900	$228,455	$77,228	($151,227)
City of St. Johns	$95,100	$107,200	$12,100	$95,100	$103,800	$8,700

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Township of Washington	NA	NA	NA	$71,500	$71,500	$0
City of Whitehall	$44,600	$0	($44,600)	$44,600	$0	($44,600)
Total	**$10,863,656**	**$22,771,507**	**$11,907,851**	**$16,941,203**	**$37,796,201**	**$20,854,998**

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