



STATE OF MICHIGAN  
DEPARTMENT OF TREASURY

GRETCHEN WHITMER  
GOVERNOR

RACHAEL EUBANKS  
STATE TREASURER

**DATE:** December 15, 2020

**TO:** Christopher Harkins, Director, Senate Fiscal Agency  
Mary Ann Cleary, Director, House Fiscal Agency  
Senator Jim Stamas, Chairperson, Appropriation Committee  
Representative Shane Hernandez, Chairperson, Appropriation Committee  
Senator Jim Runestad, Chairperson, Finance Committee  
Representative Lynn Afendoulis, Chairperson, Tax Policy Committee

**FROM:** David A. Buick, Executive Director  
State Tax Commission

**SUBJECT:** Obsolete Property Rehabilitation Act Exemption Report – 2019 & 2020 Tax Years

Please find attached one copy of the Obsolete Property Rehabilitation Act Exemption Report for both the 2019 and 2020 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: Joyce Parker, Deputy State Treasurer of State and Local Finance  
Aaron Keel, Director of Legislative Affairs  
Heather S. Frick, Director, Bureau of Local Government and School Services

**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 2019 and 2020 tax years, there were 50 local units of local government participating in the program.

**Activity:**

For the 2019 tax year, there were 350 properties receiving an exemption and for the 2020 tax year, there were 334 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 2,232 and 2,521 construction jobs being created, 1,202 and 1,472 existing jobs being retained, and 1,715 and 1,713 new jobs being created. It is further estimated that 413 and 588 new residents are occupying commercial housing properties covered by the exemption. These properties had a combined frozen taxable value totaling \$52,196,349 for 2019 and \$54,295,075 for 2020. These properties had a combined current taxable value totaling \$158,845,035 for 2019 and \$198,921,297 for 2020. This is an overall increase in taxable value of \$37,977,536 from 2019 to 2020. (See Table 2.)

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

	2019 Exemptions	2020 Exemptions	2019 Construction Jobs	2020 Construction Jobs	2019 Jobs Retained	2020 Jobs Retained	2019 Jobs Created	2020 Jobs Created	2019 New Residents	2020 New Residents
City of Adrian	5	3	0	0	0	0	0	0	0	0
City of Albion	1	1	0	0	0	0	0	0	0	0
City of Allegan	6	9	23	74	0	6	49	57	0	11
City of Alma	6	6	20	0	1	0	42	0	8	2
City of Bad Axe	4	4	109	113	44	45	61	73	1	3
City of Battle Creek	9	10	12	0	499	695	28	59	0	0
City of Bay City	17	14	40	0	22	0	104	0	11	0
City of Benton Harbor	1	2	220	242	0	0	0	0	8	8
City of Big Rapids	4	1	0	0	37	37	5	5	0	0
City of Cadillac	2	1	22	10	0	0	0	0	0	0
City of Charlotte	2	2	0	0	0	0	50	50	0	0
City of Cheboygan	1	1	8	0	5	5	12	12	0	10
City of Coldwater	2	2	0	56	0	0	0	8	0	14
City of Dearborn	2	2	0	0	0	0	120	120	0	0
City of Detroit	92	97	0	0	0	0	0	0	0	0
City of Escanaba	8	5	59	52	0	0	62	58	1	19
City of Ferndale	2	2	121	180	30	30	13	19	0	17
City of Flint	7	8	0	0	0	0	0	0	0	0
City of Grand Rapids	35	33	537	0	197	197	373	373	195	294
City of Harbor Beach	1	1	14	14	0	0	5	3	0	0
City of Hartford	1	0	0	NA	0	NA	0	NA	0	NA
City of Hillsdale	5	6	54	55	0	0	11	18	26	24
City of Howell	2	2	0	0	0	0	0	0	0	0
City of Ionia	3	2	0	0	0	0	0	4	0	0
City of Ishpeming	1	1	4	4	5	5	5	5	10	10
City of Jackson	2	3	0	26	0	4	0	8	0	0
City of Lansing	34	23	53	53	53	87	54	126	0	0

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	2019 Exemptions	2020 Exemptions	2019 Construction Jobs	2020 Construction Jobs	2019 Jobs Retained	2020 Jobs Retained	2019 Jobs Created	2020 Jobs Created	2019 New Residents	2020 New Residents
City of Ludington	5	7	12	11	0	2	0	3	5	5
City of Manistee	1	1	0	0	0	0	20	0	14	0
City of Marshall	1	1	120	0	0	0	15	15	0	0
City of Menominee	NA	1	NA	0	NA	0	NA	0	NA	0
City of Melvindale	1	1	0	0	0	0	0	0	0	0
City of Monroe	18	13	15	40	4	10	56	55	15	13
City of Mount Clemens	1	1	0	0	50	50	50	50	0	0
City of Muskegon	7	9	84	131	0	0	72	72	3	3
City of Muskegon Heights	1	1	0	0	0	0	0	0	0	0
City of Oak Park	2	2	0	0	0	0	0	0	0	0
City of Owosso	5	5	89	50	9	15	22	10	0	6
City of Pontiac	2	4	133	138	4	2	45	45	0	0
City of Port Huron	7	7	232	230	70	125	239	259	5	5
City of River Rouge	1	1	0	0	0	0	0	0	0	0
City of Saginaw	19	17	216	0	100	100	188	192	111	111
City of Sandusky	1	1	0	0	0	0	0	0	0	0
City of St. Johns	1	2	0	0	0	0	0	0	0	0
City of Sturgis	2	2	1	10	0	0	0	0	0	0
City of Three Rivers	6	4	0	0	12	12	12	12	0	0
City of Trenton	2	1	30	30	14	14	2	2	0	0
City of Vassar	1	1	0	0	0	0	0	0	0	6
City of Wyandotte	4	1	0	30	46	12	0	0	0	0
City of Ypsilanti	7	7	4	4	0	0	0	0	0	0
<b>Total</b>	<b>350</b>	<b>334</b>	<b>2,232</b>	<b>2,521</b>	<b>1,202</b>	<b>1,472</b>	<b>1,715</b>	<b>1,713</b>	<b>413</b>	<b>588</b>

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**Table 2. Frozen and Current Value**

	<b>2019 Total Frozen Taxable Value</b>	<b>2019 Total Current Taxable Value</b>	<b>Net Increase/(Loss)</b>	<b>2020 Total Frozen Taxable Value</b>	<b>2020 Total Current Taxable Value</b>	<b>Net Increase/(Loss)</b>
City of Adrian	\$252,300	\$957,942	\$705,642	\$112,200	\$824,795	\$712,595
City of Albion	\$66,324	\$66,324	\$0	\$66,324	\$328,374	\$262,050
City of Allegan	\$323,813	\$225,500	(\$98,313)	\$388,161	\$1,046,861	\$658,700
City of Alma	\$259,521	\$511,203	\$251,682	\$259,521	\$259,521	\$0
City of Bad Axe	\$693,600	\$936,153	\$242,553	\$693,600	\$940,761	\$247,161
City of Battle Creek	\$4,099,947	\$9,505,787	\$5,405,840	\$4,137,085	\$10,463,413	\$6,326,328
City of Bay City	\$1,857,383	\$1,857,383	\$0	\$0	\$0	\$0
City of Benton Harbor	\$18,538	\$811,762	\$793,224	\$36,438	\$811,187	\$774,749
City of Big Rapids	\$236,805	\$381,000	\$144,195	\$7,700	\$377,500	\$369,800
City of Cadillac	\$211,300	\$367,285	\$155,985	\$98,500	\$166,467	\$67,967
City of Charlotte	\$254,843	\$671,515	\$416,672	\$254,843	\$679,431	\$424,588
City of Cheboygan	\$48,700	\$117,500	\$68,800	\$48,700	\$117,500	\$68,800
City of Coldwater	\$62,211	\$0	(\$62,211)	\$0	\$390,778	\$390,778
City of Dearborn	\$1,269,800	\$13,993,935	\$12,724,135	\$1,269,800	\$14,260,149	\$12,990,349
City of Detroit	\$17,553,578	\$59,489,196	\$41,935,618	\$24,517,305	\$91,314,778	\$66,797,473
City of Escanaba	\$1,169,792	\$1,938,049	\$768,257	\$724,129	\$1,914,629	\$1,190,500
City of Ferndale	\$385,783	\$2,738,673	\$2,352,890	\$385,783	\$3,818,893	\$3,433,110
City of Flint	\$1,239,021	\$8,337,089	\$7,098,068	\$1,319,903	\$9,041,109	\$7,721,206
City of Grand Rapids	\$4,693,106	\$20,786,938	\$16,093,832	\$4,135,147	\$23,478,297	\$19,343,150
City of Hartford	\$38,100	\$14,600	(\$23,500)	NA	NA	NA
City of Harbor Beach	\$28,300	\$56,000	\$27,700	\$28,300	\$56,526	\$28,226
City of Hillsdale	\$231,510	\$900,249	\$668,739	\$414,510	\$1,048,975	\$634,465
City of Howell	\$406,025	\$1,036,843	\$630,818	\$406,025	\$1,117,344	\$711,319
City of Ionia	\$36,723	\$84,231	\$47,508	\$18,131	\$84,231	\$66,100
City of Ishpeming	\$70,015	\$70,015	\$0	\$70,015	\$70,015	\$0
City of Jackson	\$154,050	\$124,350	(\$29,700)	\$127,680	\$228,480	\$100,800
City of Lansing	\$4,758,078	\$4,191,921	(\$566,157)	\$2,592,907	\$4,766,801	\$2,173,894
City of Ludington	\$332,589	\$440,050	\$107,461	\$331,378	\$580,672	\$249,294
City of Manistee	\$45,806	\$563,636	\$517,830	\$45,806	\$574,345	\$528,539

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	2019 Total Frozen Taxable Value	2019 Total Current Taxable Value	Net Increase/(Loss)	2020 Total Frozen Taxable Value	2020 Total Current Taxable Value	Net Increase/(Loss)
City of Marshall	\$39,949	\$403,200	\$363,251	\$39,949	\$410,860	\$370,911
City of Menominee	NA	NA	NA	\$436,000	\$0	(\$436,000)
City of Melvindale	\$153,114	\$357,914	\$204,800	\$0	\$0	\$0
City of Monroe	\$734,060	\$1,301,690	\$567,630	\$547,200	\$916,670	\$369,470
City of Mount Clemens	\$85,000	\$424,823	\$339,823	\$85,000	\$431,279	\$346,279
City of Muskegon	\$979,871	\$703,611	(\$276,260)	\$10,800	\$10,800	\$0
City of Muskegon Heights	\$13,800	\$10,800	(\$3,000)	\$10,800	\$10,800	\$0
City of Oak Park	\$2,175,000	\$8,487,640	\$6,312,640	\$3,203,060	\$9,552,460	\$6,349,400
City of Owosso	\$342,732	\$1,154,814	\$812,082	\$136,792	\$920,748	\$783,956
City of Pontiac	\$1,223,770	\$1,937,750	\$713,980	\$1,588,820	\$2,357,740	\$768,920
City of Port Huron	\$1,021,983	\$6,016,637	\$4,994,654	\$1,351,983	\$7,497,040	\$6,145,057
City of River Rouge	\$84,900	\$0	(\$84,900)	\$84,900	\$84,900	\$0
City of Saginaw	\$1,545,050	\$3,878,300	\$2,333,250	\$1,448,585	\$3,788,900	\$2,340,315
City of Sandusky	\$41,900	\$36,966	(\$4,934)	\$41,900	\$35,900	(\$6,000)
City of Sturgis	\$500,814	\$50,000	(\$450,814)	\$396,704	\$776,825	\$380,121
City of Three Rivers	\$100,162	\$236,029	\$135,867	\$68,728	\$210,512	\$141,784
City of Trenton	\$247,500	\$165,900	(\$81,600)	\$165,900	\$165,900	\$0
City of Vassar	\$42,300	\$45,700	\$3,400	\$42,300	\$45,700	\$3,400
City of Wyandotte	\$301,200	\$409,784	\$108,584	\$394,021	\$446,715	\$52,694
City of Ypsilanti	\$609,023	\$635,760	\$26,737	\$609,023	\$1,146,438	\$537,415
<b>Total</b>	<b>\$52,196,349</b>	<b>\$158,845,035</b>	<b>\$106,648,686</b>	<b>\$54,295,075</b>	<b>\$198,921,297</b>	<b>\$144,626,222</b>