



STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

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: Commercial Redevelopment Act Exemption Report – 2019 & 2020 Tax Years

Please find attached one copy of the Commercial Redevelopment Act Exemption Report for the 2019 and 2020 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: 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:

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 the 2019 tax year, there were 24 local governmental units participating in the Commercial Redevelopment program, and for the 2020 tax year, there were 28 local governmental units participating in the Commercial Redevelopment program.

Activity:

For the 2019 tax year, there were 46 properties receiving a Commercial Redevelopment Exemption. (See Table 1) It is estimated, through data provided by the local government assessor,¹ that these projects have resulted in 2,369 construction jobs, 1,164 existing jobs retained, and 1,038 new jobs created. These properties are comprised of replacement, and new facilities with an estimated current taxable value of \$121,347,077. (See Tables 2 & 3)

For the 2020 tax year, there were 54 properties receiving a Commercial Redevelopment Exemption. (See Table 1) It is estimated, through data provided by the local government assessor,¹ that these projects resulted in 2,020 construction jobs, 1,089 existing jobs retained, and 558 new jobs created. These properties were comprised of replacement, restoration, and new facilities with a total current taxable value of \$129,801,069. (See Tables 2 & 3)

¹ As determined from data provided by the local government assessor

Table 1. Commercial Redevelopment Exemptions and Jobs

Local Governmental Unit	2019 Exemptions	2020 Exemptions	2019 Construction Jobs	2020 Construction Jobs	2019 Jobs Retained	2020 Jobs Retained	2019 Jobs Created	2020 Jobs Created
City of Alma	2	2	20	0	0	0	4	0
Village of Brooklyn	1	1	0	0	0	0	0	0
City of Cadillac	0	1	NA	200	NA	0	NA	30
Village of Cass City	1	1	30	0	0	0	75	0
City of Center Line	2	2	165	165	130	130	20	20
City of Charlevoix	2	2	50	50	8	8	32	32
City of Clare	0	1	NA	0	NA	0	NA	0
City of Detroit	3	3	330	0	92	0	16	0
City of East Jordan	2	2	139	144	0	0	40	21
City of Gaylord	2	2	130	130	117	117	75	75
City of Gibraltar	1	1	0	0	0	0	0	0
Village of Lake Orion	1	1	100	100	0	0	42	0
City of Linden	1	1	0	0	0	0	0	30
City of Manistique	4	5	0	6	16	26	13	23
City of Marine City	1	1	40	40	0	0	15	15
City of Marquette	1	1	400	400	150	150	150	150
City of Millington	1	1	50	50	0	0	20	0
City of Mt. Pleasant	0	1	NA	0	NA	0	NA	0
City of Muskegon	4	6	85	85	0	0	28	28
City of Owosso	1	1	20	20	29	12	12	12
City of Perry	2	2	40	20	40	24	12	6
City of St. Clair	2	3	200	220	0	0	0	0
Village of Spring Lake	0	1	NA	0	NA	0	NA	0
City of Warren	1	1	150	150	35	35	40	40
City of Westland	2	2	45	45	25	25	34	34
City of Wyandotte	7	7	180	0	128	156	308	40
City of Wyoming	1	1	150	150	400	400	100	0
City of Zeeland	1	1	45	45	6	6	2	2
Total	46	54	2,369	2,020	1,176	1,089	1,038	558

December 15, 2020

Table 2. Commercial Redevelopment Frozen and Current Taxable Values ¹

Local Governmental Unit	2019 Frozen Value	2020 Frozen Value	2019 Current Value	2020 Current Value
City of Alma	\$28,278	\$28,278	\$579,254	\$239,925
Village of Brooklyn	\$0.00	\$0.00	\$340,750.00	\$2,341,050
City of Cadillac	NA	\$481,700.00	NA	\$129,900
Village of Cass City	\$181,860	\$181,860	\$181,860	\$0
City of Center Line	\$0	\$0	\$2,424,012	\$2,470,249
City of Charlevoix	\$619,022	\$619,022	\$619,022	\$619,022
City of Clare	NA	\$0	NA	\$0
City of Detroit	\$3,167,188	\$3,167,188	\$11,532,529	\$14,950,488
City of East Jordan	\$0	\$0	\$419,453	\$410,033
City of Gaylord	\$628,234	\$628,234	\$597,330	\$602,616
City of Gibraltar	\$37,200	\$37,200	\$37,200	\$37,200
Village of Lake Orion	\$94,190	\$94,190	\$236,990	\$253,870
City of Linden	\$0	\$0	\$0	\$245,800
City of Manistique	\$32,231	\$39,031	\$891,083	\$914,575
City of Marine City	\$146,140	\$146,140	\$875,524	\$885,100
City of Marquette	\$0	\$0	\$68,100	\$95,754,200
City of Millington	\$68,100	\$68,100	\$1,448,259	\$68,100
City of Mt. Pleasant	NA	\$0	NA	\$0
City of Muskegon	\$110,400	\$914,700	\$1,448,259	\$1,121,046
City of Owosso	\$0	\$0	\$187,700	\$187,700
City of Perry	\$350,000	\$350,000	\$560,140	\$362,091
City of St. Clair	\$616,990	\$636,600	\$618,512	\$618,512
Village of Spring Lake	NA	\$3,900	NA	\$422,000
City of Warren	\$451,540	\$451,540	\$2,494,220	\$2,541,610
City of Westland	\$376,600	\$376,600	\$394,183	\$394,183
City of Wyoming	\$1,894,552	\$314,902	\$5,912,000	\$2,552,219
City of Wyandotte	\$314,902	\$1,894,552	\$1,942,945	\$1,476,300
City of Zeeland	\$0	\$0	\$269,411	\$203,280
Total	\$9,117,427	\$10,433,737	\$121,347,077	\$129,801,069

Table 3. Commercial Redevelopment Facility Types

Local Governmental Unit	New	Replacement	Restoration
City of Alma	1	0	1
Village of Brooklyn	1	0	0
City of Cadillac	1	0	0
Village of Cass City	0	1	0
City of Center Line	2	0	0
City of Charlevoix	0	0	2
City of Clare	0	0	1
City of Detroit	3	0	0
City of East Jordan	1	0	1
City of Gaylord	0	0	2
City of Gibraltar	0	0	1
Village of Lake Orion	0	0	1
City of Linden	1	0	0
City of Manistique	4	0	1
City of Marine City	1	0	0
City of Marquette	1	0	0
City of Millington	0	0	1
City of Mt. Pleasant	1	0	0
City of Muskegon	4	2	0
City of Owosso	1	0	0
City of Perry	2	0	0
Village of Spring Lake	1	0	0
City of St. Clair	0	1	2
City of Warren	1	0	0
City of Westland	0	1	1
City of Wyandotte	2	0	5
City of Wyoming	0	0	1
City of Zeeland	1	0	0
Total	29	5	20