



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 Rehabilitation Act Exemption Report – 2019 & 2020 Tax Years

Please find attached one copy of the Commercial Rehabilitation Act Exemption Report for both the 2019 and 2020 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: 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 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 2019 and 2020 tax years, there were 67 and 68 units of local government, respectively, participating in the program.

Activity:

For the 2019 tax year, there were 143 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 2,347 construction jobs created, 1,389 existing jobs being retained, and 3,070 new jobs having been created. These properties had a combined frozen taxable value totaling \$38,686,518 for 2019. These properties had a combined current taxable value totaling \$154,706,063 for 2019. The overall increase in taxable value for 2019 is \$116,019,545 (See Table 2.)¹

For the 2020 tax year, there were 162 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 2,924 construction jobs created, 2,260 existing jobs being retained, and 3,141 new jobs having been created. These properties had a combined frozen taxable value totaling \$42,144,118 for 2020. These properties had a combined current taxable value totaling \$188,645,660 for 2020. The overall increase in taxable value for 2020 is \$146,501,542. (See Table 2.)¹

¹ As determined from data provided by the unit of local government assessor's office. The Villages of Decatur and Breckenridge did not submit an assessing officer report in 2020, so there is no data reported for the Villages of Decatur and Breckenridge in 2020. In addition, the City of Saline did not submit an assessing officer report in 2019, so there is no data for the City of Saline in 2019.

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Table 1. Exemptions and Jobs

	2019 Exemptions	2020 Exemptions	2019 Construction Jobs	2020 Construction Jobs	2019 Jobs Retained	2020 Jobs Retained	2019 Jobs Created	2020 Jobs Created
City of Alpena	2	3	0	153	0	0	35	83
Township of Antwerp	1	1	0	0	0	0	0	0
City of Auburn Hills	1	1	25	25	65	65	0	0
City of Au Gres	3	3	0	0	0	5	0	0
Township of Bagley	1	1	25	25	0	0	40	40
City of Battle Creek	1	1	0	0	35	20	0	1
City of Bay City	1	1	40	40	5	5	15	15
City of Benton Harbor	1	1	0	0	0	0	0	0
Village of Bellaire	1	1	0	0	47	0	0	0
Township of Big Rapids	1	NA	62	NA	30	NA	15	NA
City of Boyne City	NA	1	NA	150	NA	0	NA	65
Village of Breckenridge	NA	1	NA	0	NA	0	NA	0
City of Bridgman	2	3	47	47	0	0	25	25
Township of Brownstown	2	1	20	20	0	0	149	149
Township of Bruce	1	1	240	240	120	120	120	120
City of Burton	1	1	150	150	12	12	20	20
Township of Calumet	1	NA	5	NA	5	NA	5	NA
City of Cheboygan	1	2	6	12	6	11	6	14
Township of Clam Lake	2	2	0	0	0	5	5	5
Township of Clark	2	2	8	8	8	8	2	2
Village of Decatur	1	1	0	0	0	0	0	0
Township of Delta	1	1	0	0	400	400	800	800
City of Detroit	41	55	0	0	0	0	0	0
Township of DeWitt	1	1	15	15	20	20	20	20
City of East Jordan	NA	1	NA	2	NA	0	NA	2
City of Flint	3	2	0	0	0	0	0	0
Township of Flint	2	2	61	61	46	46	43	43
City of Flushing	1	1	0	0	7	7	5	7
City of Gladwin	1	1	118	118	33	33	0	0
City of Grand Rapids	1	1	9	9	14	14	6	6
City of Grosse Pointe	1	1	0	0	0	0	0	0
Township of Hagar	1	1	0	0	0	0	0	0
Township of Hampton	1	1	50	50	1	1	1	1

¹ As determined from data provided by the unit of local government assessor's office.

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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
Village of Hesperia	2	1	2	2	0	0	0	0
City of Hillsdale	4	3	24	15	75	84	23	15
Township of Inverness	1	1	15	15	27	27	20	20
City of Iron Mountain	3	3	34	0	20	19	6	10
City of Jackson	1	1	0	78	0	0	0	0
City of Jonesville	1	1	0	0	0	0	0	0
City of Laingsburg	1	1	6	0	9	9	11	11
Village of Lake Orion	1	1	0	97	0	0	0	48
City of Livonia	2	2	0	0	0	90	120	95
Village of Mancelona	1	1	0	0	0	0	0	0
City of Marquette	1	NA	15	NA	52	NA	25	NA
City of Milan	1	1	0	0	0	0	0	0
City of Morenci	2	2	25	25	0	0	1	1
Township of Mundy	1	1	80	80	33	33	33	33
City of Muskegon	3	3	59	59	6	6	26	26
City of Muskegon Heights	1	1	110	110	14	14	4	4
Township of Niles	1	1	25	0	20	0	20	0
Township of Orion	1	1	40	63	6	6	38	24
Village of Paw Paw	1	1	0	0	0	0	0	0
Township of Plainfield	1	NA	12	NA	15	NA	29	NA
City of Pontiac	1	1	210	210	28	28	11	36
City of Reed City	2	2	9	0	5	16	10	0
City of Roseville	4	4	100	0	144	144	260	260
City of Saint Clair	NA	1	NA	30	NA	0	NA	0
City of Saint Joseph	NA	2	NA	109	NA	338	NA	20
City of Saline	1	1	0	0	0	74	0	0
City of Southfield	4	6	50	181	14	30	641	584
City of Southgate	1	1	51	51	162	162	90	90
City of South Haven	1	2	0	40	0	0	0	45
Village of Stevensville	2	3	17	47	16	28	10	18
Township of Sturgis	1	1	6	6	0	0	7	7
Township of Sunfield	1	1	0	5	0	4	5	4
Village of Vicksburg	1	1	45	0	0	0	26	0
City of Warren	1	1	90	90	130	130	220	220
Township of Washington	1	1	0	0	10	10	0	0
Township of Waterford	1	1	30	0	18	0	30	0

¹ As determined from data provided by the unit of local government assessor's office.

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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
City of Whitehall	1	1	15	15	0	0	20	20
Township of White Lake	2	2	200	280	20	200	20	80
City of Zeeland	8	8	196	191	36	36	52	52
Total	143	162	2,347	2,924	1,714	2,260	3,070	3,141

Table 2. Frozen and Current Taxable Value

	2019 Frozen Taxable Value	2019 Current Taxable Value	Net Increase/(Loss)	2020 Frozen Taxable Value	2020 Current Taxable Value	Net Increase/(Loss)
City of Alpena	\$18,800	\$1,810,212	\$1,791,412	\$18,800	\$1,711,000	\$1,692,200
Township of Antwerp	\$37,500	\$0	(\$37,500)	\$37,500	\$0	(\$37,500)
City of Auburn Hills	\$1,147,740	\$793,120	(\$354,620)	\$1,147,740	\$808,180	(\$339,560)
City of Au Gres	\$174,589	\$174,589	\$0	\$174,580	\$174,580	\$0
Township of Bagley	\$107,600	\$332,500	\$224,900	\$107,600	\$109,644	\$2,044
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	\$1,637,278	\$1,598,028
City of Benton Harbor	\$960,146	\$10,955,435	\$9,995,289	\$90,146	\$11,152,947	\$11,062,801
Village of Bellaire	\$102,200	\$152,200	\$50,000	\$102,200	\$152,200	\$50,000
Township of Big Rapids	\$83,900	\$83,900	\$0	NA	NA	NA
City of Boyne City	NA	NA	NA	\$152,096	\$152,096	\$0
Village of Breckenridge	NA	NA	NA	\$0	\$0	\$0
City of Bridgman	\$220,526	\$546,700	\$326,174	\$393,302	\$855,220	\$461,918
Township of Brownstown	\$332,220	\$1,425,235	\$1,093,015	\$332,220	\$1,445,854	\$1,113,634
Township of Bruce	\$3,106,625	\$3,106,625	\$0	\$3,106,625	\$3,106,625	\$0
City of Burton	\$217,500	\$513,920	\$296,420	\$217,500	\$513,900	\$296,400

¹ As determined from data provided by the unit of local government assessor's office.

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	2019 Frozen Taxable Value	2019 Current Taxable Value	Net Increase/(Loss)	2020 Frozen Taxable Value	2020 Current Taxable Value	Net Increase/(Loss)
Township of Calumet	\$113,800	\$137,760	\$23,960	NA	NA	NA
City of Cheboygan	\$54,000	\$92,544	\$38,544	\$85,600	\$159,780	\$74,180
Township of Clam Lake	\$230,900	\$39,000	(\$191,900)	\$230,900	\$87,900	(\$143,000)
Township of Clark	\$91,467	\$150,180	\$58,713	\$91,467	\$175,239	\$83,772
Village of Decatur	\$19,019	\$0	(\$19,019)	\$0	\$0	\$0
Township of Delta	\$2,495,800	\$5,362	(\$2,490,438)	\$2,495,800	\$2,495,800	\$0
City of Detroit	\$7,614,831	\$83,470,649	\$75,855,818	\$7,542,617	\$93,345,658	\$85,803,041
Township of DeWitt	\$224,300	\$0	(\$224,300)	\$224,300	\$297,932	\$73,632
City of East Jordan	NA	NA	NA	\$37,500	\$37,500	\$0
City of Flint	\$577,286	\$5,884,000	\$5,306,714	\$400,000	\$4,173,824	\$3,773,824
Township of Flint	\$798,584	\$1,541,700	\$743,116	\$798,584	\$1,533,604	\$735,020
City of Flushing	\$410,400	\$631,900	\$221,500	\$410,400	\$636,108	\$225,708
City of Gladwin	\$67,000	\$227,100	\$160,100	\$67,000	\$231,414	\$164,414
City of Grand Rapids	\$506,620	\$625,891	\$119,271	\$506,620	\$637,782	\$131,162
City of Grosse Pointe	\$424,500	\$137,366	(\$287,134)	\$424,500	\$139,975	(\$284,525)
Township of Hagar	\$287,633	\$0	(\$287,633)	\$287,633	\$0	(\$287,633)
Township of Hampton	\$3,346	\$1,907,275	\$1,903,929	\$3,346	\$1,953,049	\$1,949,703
Village of Hesperia	\$18,465	\$63,833	\$45,368	\$18,465	\$66,728	\$48,263
City of Hillsdale	\$918,312	\$1,242,073	\$323,761	\$776,515	\$1,014,851	\$238,336
Township of Inverness	\$54,000	\$92,544	\$38,544	\$228,343	\$296,300	\$67,957
City of Iron Mountain	\$264,965	\$249,300	(\$15,665)	\$125,600	\$546,100	\$420,500
City of Jackson	\$113,800	\$137,760	\$23,960	\$0	\$1,578,689	\$1,578,689
City of Jonesville	\$20,596	\$363,600	\$343,004	\$20,596	\$367,200	\$346,604
City of Laingsburg	\$9,870	\$18,148	\$8,278	\$9,870	\$31,171	\$21,301
Village of Lake Orion	\$419,130	\$571,050	\$151,920	\$0	\$1,726,920	\$1,726,920
City of Livonia	\$676,700	\$6,933,460	\$6,256,760	\$676,800	\$6,751,110	\$6,074,310
Village of Mancelona	\$144,700	\$150,229	\$5,529	\$144,700	\$150,334	\$5,634
City of Marquette	\$218,301	\$390,501	\$172,200	NA	NA	NA
City of Milan	\$0	\$0	\$0	\$183,037	\$183,037	\$0
City of Morenci	\$56,000	\$227,251	\$171,251	\$56,000	\$341,351	\$285,351

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	2019 Frozen Taxable Value	2019 Current Taxable Value	Net Increase/(Loss)	2020 Frozen Taxable Value	2020 Current Taxable Value	Net Increase/(Loss)
Township of Mundy	\$99,000	\$499,000	\$400,000	\$99,000	\$4,367,300	\$4,268,300
City of Muskegon	\$1,878,300	\$500,286	(\$1,378,014)	\$1,295,500	\$509,789	(\$785,711)
City of Muskegon Heights	\$0	\$480,665	\$480,665	\$0	\$489,797	\$489,797
Township of Niles	\$330,185	\$330,185	\$0	\$0	\$0	\$0
Township of Orion	\$1,463,660	\$2,747,130	\$1,283,470	\$1,463,660	\$2,771,510	\$1,307,850
Village of Paw Paw	\$0	\$0	\$0	\$0	\$521,800	\$521,800
Township of Plainfield	\$424,700	\$606,581	\$181,881	NA	NA	NA
City of Pontiac	\$0	\$0	\$0	\$2,068,350	\$3,197,200	\$1,128,850
City of Reed City	\$228,455	\$313,477	\$85,022	\$228,455	\$311,827	\$83,372
City of Roseville	\$332,343	\$4,969,665	\$4,637,322	\$332,343	\$7,283,749	\$6,951,406
City of Saint Clair	NA	NA	NA	\$252,370	\$252,370	\$0
City of Saint Joseph	NA	NA	NA	\$2,548,357	\$3,770,857	\$1,222,500
City of Saline	\$1,382,332	\$0	(\$1,382,332)	\$1,382,332	\$3,534,146	\$2,151,814
City of Southfield	\$4,814,359	\$13,016,869	\$8,202,510	\$6,122,603	\$13,349,450	\$7,226,847
City of Southgate	\$2,286,660	\$2,188,800	(\$97,860)	\$2,286,660	\$222,957	(\$2,063,703)
City of South Haven	\$0	\$0	\$0	\$247,969	\$2,254,969	\$2,007,000
Village of Stevensville	\$25,000	\$0	(\$25,000)	\$90,700	\$224,813	\$134,113
Township of Sturgis	\$130,054	\$152,804	\$22,750	\$130,054	\$155,707	\$25,653
Township of Sunfield	\$5,362	\$5,362	\$0	\$5,362	\$33,775	\$28,413
Village of Vicksburg	\$78,456	\$598,656	\$520,200	\$0	\$0	\$0
City of Warren	\$620,755	\$0	(\$620,755)	\$620,755	\$620,755	\$0
Township of Washington	\$71,500	\$282,100	\$210,600	\$71,500	\$282,100	\$210,600
Township of Waterford	\$143,460	\$216,960	\$73,500	\$143,460	\$143,460	\$0
City of Whitehall	\$44,600	\$89,697	\$45,097	\$44,600	\$91,401	\$46,801
Township of White Lake	\$419,130	\$571,050	\$151,920	\$419,130	\$2,029,460	\$1,610,330
City of Zeeland	\$500,793	\$1,069,708	\$568,915	\$500,713	\$1,080,515	\$579,802
Total	\$38,686,518	\$154,230,230	\$115,543,712	\$42,144,118	\$188,645,660	\$146,501,542

¹ As determined from data provided by the unit of local government assessor's office.