

# Tax Abatement Program Information

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## City of Rogers City

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[www.rogerscity.com](http://www.rogerscity.com)

Rogers City has adopted a tax abatement program to encourage development. Please review the following documents to see if your project could qualify for an abatement. The information is organized as follows:

- A summary for developers about Commercial Redevelopment and Commercial Rehabilitation tax abatement districts
- A map that shows the existing Commercial Redevelopment and Commercial Rehabilitation tax abatement districts in Rogers City
- The City of Rogers City tax abatement policy
- A more comprehensive summary from MEDC of the Commercial Redevelopment Act
- A more comprehensive summary from MEDC of the Commercial Rehabilitation Act

Feel free to contact City Manager Joe Hefele if you would like to discuss a possible abatement for your project.

# **Acts under consideration for abatement districts**

## **Commercial Redevelopment Act**

To be eligible, project must be restoration of existing facility or replacement/new facility that meets all of the following conditions:

- Located on property zoned to allow for mixed-use
- Located in a DDA
- Walkable, with sidewalks and streetscape

To be eligible, property within the district must meet one of the following conditions:

- Obsolete commercial property or cleared, vacant land, zoned commercial by 6/21/75 with a decline in commercial activity
- Land cleared as a result of fire damage or blight
- Cleared/vacant land in a DDA development plan

Abatement for period of 1-12 years; may be set for less than 12 years and extended thereafter; taxes (included local school and SET) frozen on restored facilities; 50% reduction (excluding SET) on new/replacement facilities; land cannot be abated.

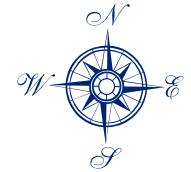
Improvements costing at least 10% of true cash value of building required; major renovations, including but not limited to, improvement of floor loads, correction of deficient or excessive height, new or improved fixed building equipment, including heating, ventilation, and lighting, reducing multistory facilities to one or two stories, improved structural support including foundation, improved roof structure and cover, floor replacement, improved wall placement, improved exterior and interior appearance of building, and other physical changes all are included in that cost.

## **Commercial Rehabilitation Act**

Building or group of contiguous buildings that are at least 15 years old, with a primary purpose of commercial business or multi-family residential use; can also include vacant property if a building was located on the property within the previous 15 years.

Improvements costing at least 10% of true cash value of building required; major renovations, including but not limited to, improvement of floor loads, correction of deficient or excessive height, new or improved fixed building equipment, including heating, ventilation, and lighting, reducing multistory facilities to one or two stories, improved structural support including foundation, improved roof structure and cover, floor replacement, improved wall placement, improved exterior and interior appearance of building, and other physical changes all are included in that cost.

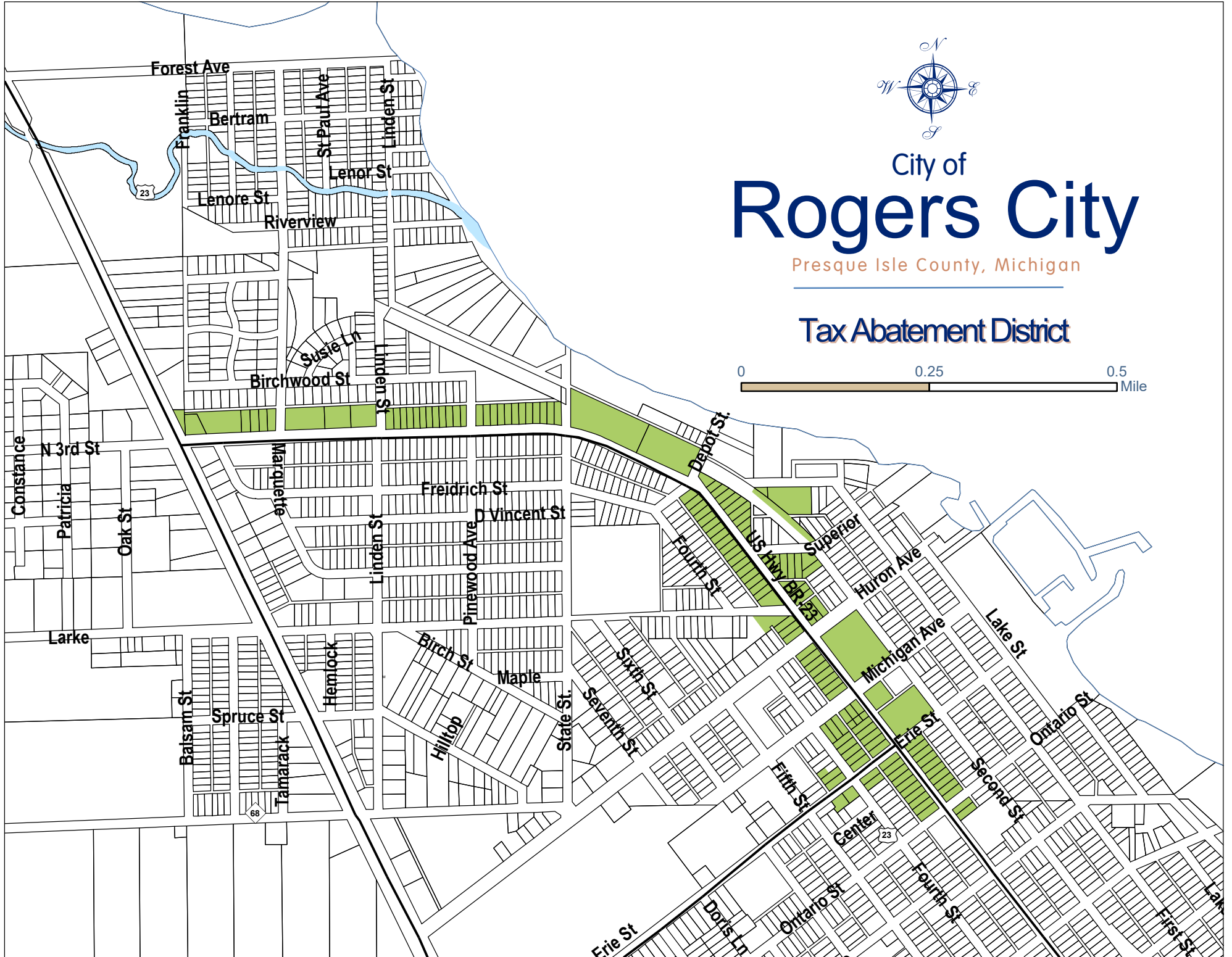
Abatement period of 1-10 years; may be set for less than 10 years and extended thereafter; taxes (excluding local school and SET) frozen on qualified facilities.



City of  
**Rogers City**

Presque Isle County, Michigan

**Tax Abatement District**



## **City of Rogers City Tax abatement policy**

In order to stimulate and diversify the local economy, improve property values, and promote the retention of existing jobs and creation of new jobs, the City Council of the City of Rogers may consider granting commercial tax abatements.

In order for the City Council to consider such abatements through PA 255 of 1978 (Commercial Redevelopment Act), PA 146 of 2000 (Obsolete Property Rehabilitation Act), or PA 210 of 2005 (Commercial Rehabilitation Act):

- 1) The proposed project must be included within a Commercial Redevelopment District, Obsolete Property Rehabilitation District, or Commercial Rehabilitation District established in advance by the City.
- 2) The proposed project must fall within the scope and provisions of PA 255 of 1978 (Commercial Redevelopment Act), PA 146 of 2000 (Obsolete Property Rehabilitation Act), or PA 210 of 2005 (Commercial Rehabilitation Act).
- 3) The proposed project must result in improvements aggregating to more than 10 percent of the true cash value of the property at commencement of the project.
- 4) The proposed project must feature a total investment in the property of at least \$100,000.
- 5) The proposed project must feature an investment in the building façade of at least \$40,000, with a highly noticeable improvement in that facade.
- 6) The proposed project must be consistent with the City's goals, development priorities, master plan, and zoning codes, and must not create a hardship on public resources, including, but not limited to, parking, or result in a detriment to the local economy.
- 7) The proposed project must incorporate a nautical theme into the façade, per Section 32-162 (Development Standards) of the Rogers City Zoning Ordinance.
- 8) The proposed project must result in a commercial activity operating from the building immediately upon the conclusion of the project.
- 9) Preliminary architectural documents including sketches, elevations, and cost estimates must be provided, along with an application for abatement executed by the applicant. Applications forms will be supplied by the City.
- 10) The applicant must be willing to sign an agreement establishing terms through which the abatement certificate could be rescinded if aspects of the agreement are not met by the applicant.
- 11) The proposed project must be reviewed first by the Rogers City Downtown Development Authority, which shall provide a report to the City Council including the executed application and architectural documents and its recommendations.

Abatement terms will be granted to successful applicants based on the cumulative total of the following:

- 1) One year of abatement for every \$50,000 in total investment, plus
- 2) One year of abatement for every \$20,000 in façade investment, plus
- 3) One year of abatement for every full-time-equivalent job created, plus
- 4) One year if at least 25% of total materials/labor expense is provided by businesses located within Rogers City limits.
- 5) No abatement periods can exceed those allowed in the Act through which the abatement is granted.

Nothing within this policy shall imply or suggest that the Rogers City Council is under any obligation to provide tax abatements to any applicant, regardless of the extent to which an applicant is able to meet the provisions contained herein.

Certificates for abatement under all of the Acts referenced in this policy are granted by the State Tax Commission, which may deny such certificates even if approved by the City Council.

This policy, supported by the Rogers City Downtown Development Authority, was adopted by the City Council of the City of Rogers City on June 4, 2019.

## COMMERCIAL REDEVELOPMENT ACT

[Public Act 255 of 1978](#), as amended, encourages the replacement, restoration and new construction of commercial property by abating the property taxes generated from new investment for a period up to 12 years. As defined, commercial property means land improvements whether completed or in the process of construction, the primary purpose and use of which is the operation of a commercial business enterprise, including office, engineering, research and development, warehousing parts distribution, retail sales, hotel or motel development, and other commercial facilities. Mixed-use developments maybe eligible, but the abatement will only apply to the commercial portion of the property. Land and personal property are not eligible for abatement under this act.

*Note: This document should be used as a general guide only and the legislation should be reviewed by local officials.*

### WHO IS ELIGIBLE?

“Local governmental unit” means a city or village.

### WHAT IS A REPLACEMENT, NEW AND RESTORED FACILITY?

“Replacement facility” means commercial property to be acquired, constructed, altered, or installed for the purpose of being substituted for obsolete commercial property. Property impaired due to changes in design, construction, technology, or improved production processes, or damage due to fire, natural disaster, or general neglect shall be considered obsolete. All other new commercial property is considered a “new facility.” For purposes of granting the tax abatement, the replacement or new facility must meet all of the following conditions:

1. Is located on property that is zoned to allow for mixed-use, including high-density residential.
2. Is located in a qualified downtown revitalization district as defined in section two of the Neighborhood Enterprise Zone Act (PA 147 of 1992). This requires either being located in a Downtown Development Authority (PA 197 of 1975), a Principal Shopping District or Business Improvement District (PA 120 of 1961) or an area that is zoned and primarily used for business as determined by the local government unit.
3. The city or village establishes and implements an expedited local permitting and inspection process in the Commercial Redevelopment District. In addition, by resolution provides for the walkable non-motorized interconnections, including sidewalks and streetscapes throughout the Commercial Redevelopment District.

A “restored facility” means changes to obsolete commercial property as may be required to restore the property to an economically efficient condition. Restoration must result in improvements aggregating to more than 10 percent of the true cash value of the property at commencement of the restoration. Restoration includes major renovation including, but not limited to, the improvement of floor loads, correction of deficient or excessive height, new or improved fixed building equipment, including heating, ventilation, and lighting, reducing multistory facilities to one or two stories, improved structural support including foundations, improved roof structure and cover, floor replacement, improved wall placement, improved exterior and interior appearance of buildings, and other physical changes.

### WHAT IS THE PROCESS?

Before the commercial redevelopment exemption certificate (i.e., property tax abatement) can be granted for the facility, the city or village, by resolution of its legislative body, must establish a Commercial Redevelopment District. The establishment of the district may be initiated by the local government unit or by owners of property comprising 75 percent of state equalized value of the property in the proposed district. At the time of the resolution’s adoption, property within the district must meet one of the following:

1. Obsolete commercial property or cleared or vacant land and part of an existing developed commercial or industrial zone. The property must have been zoned commercial or industrial before June 21, 1975, and characterized by obsolete commercial property and a decline in commercial activity.
2. Land cleared as a result of fire damage, or cleared as blighted area under Blighted Area Rehabilitation Act (PA 344 of 1945).
3. Cleared or vacant land included in a redevelopment plan adopted by the Downtown Development Authority (PA 197 of 1975) or Principal Shopping District or a Business Improvement District (PA 120 of 1961).

To establish the Commercial Redevelopment District, the city or village must first hold a hearing to establish a Commercial Rehabilitation District and determine in the resolution the district meets the requirements of the act. Once the district is established, the property owners may file an application with the local clerk for a commercial facilities exemption certificate. Applications are available from the Michigan Department of Treasury. Before acting on the application, the city or village

shall hold a public hearing on the application and not more than 60 days after receipt of the application either approved or disapproved by resolution. The local clerk shall provide written notification of the application hearing to the assessor of the local unit of government and each taxing jurisdiction that levies ad valorem property taxes. If approved, the application and resolution must be sent to the State Tax Commission for filing purposes.

## COMMERCIAL FACILITIES EXEMPTION CERTIFICATE

The property owner must pay a commercial facilities tax rather than the normal property tax. The certificate must be issued for a period of at least one year, but cannot exceed 12 years. Certificates initially issued for less than 12 years may be extended based upon factors placed in writing at the time the certificate is approved, but shall not exceed 12 years.

## DETERMINING COMMERCIAL FACILITIES TAX RATE

For a restored facility: The commercial facilities tax freezes the taxable value of the building at its value prior to restoration, therefore exempting the new investment from local taxes for a period not to exceed 12 years. The school operating tax and the State Education Tax (SET) are also frozen. Land and personal property cannot be abated under this act.

For a new or replacement facility: The commercial facilities tax provides a 50 percent reduction in the number of mills levied as ad valorem taxes, excluding only the State Education Tax (SET). Land and personal property cannot be abated under this Act.

Within 60 days after the granting of a new Commercial Facilities Exemption Certificate, the state treasurer may exempt 50 percent of the SET mills for a period not to exceed six years. The state treasurer will not grant more than 25 of these SET exclusions each year.

## DISCUSSION

In addition to the Commercial Redevelopment Act (PA 255 of 1978), several other property tax abatements are available for the rehabilitation of commercial property in Michigan, including the Commercial Rehabilitation Act (PA 210 of 2005) and the Obsolete Property Rehabilitation Act (PA 146 of 2000). Each act has unique eligibility requirements, processes, and lengths and terms of the abatement. Please refer to the Michigan Economic Development Corporation (MEDC) fact sheet for more information on each program and consult the authorizing statute to determine the best fit for your project needs.

## SUPPORTING STATUTE

[Public Act 255 of 1978: Commercial Redevelopment Act](#)

## CONTACT INFORMATION

For more information on the Commercial Redevelopment Act, please contact the [Community Assistance Team \(CAT\) specialist](#) assigned to your territory or visit [www.miplace.org](http://www.miplace.org).

## COMMERCIAL REHABILITATION ACT

[Public Act 210 of 2005](#), as amended, encourages the rehabilitation of commercial property by abating the property taxes generated from new investment for a period up to 10 years. As defined, commercial property is a qualified facility that includes a building or group of contiguous buildings of commercial property that is 15 years or older, of which the primary purpose is the operation of a commercial business enterprise or multifamily residential use. A qualified facility may also include vacant property or other commercial property which, within the immediately preceding 15 years, was commercial property. Types of commercial business enterprises include office, engineering, research and development, warehousing, parts distribution, retail sales, and other commercial activities. Multi-family residential is housing that consists of five or more units. Commercial properties allocated new market tax credits are also considered a qualified facility.

Qualified retail food establishments are considered a qualified facility for purposes of granting the tax abatement. These establishments include a retail supermarket, grocery store, produce market, or delicatessen that offer unprocessed USDA-inspected meat and poultry products or meat products that carry the USDA organic seal, fresh fruits and vegetables, and dairy products for sale to the public. The qualified retail food establishment must be located in a “core community” as defined in the Obsolete Property Rehabilitation Act (PA 146 of 2000) or in an area designated as rural as defined by the United States Census Bureau and is located in an underserved area.

Commercial property does not include property that is to be used as a professional sports stadium or a casino. Land and personal property are not eligible for abatement under this act.

*Note: This document is offered as a general guide only and the legislation should be reviewed by local officials.*

### WHO IS ELIGIBLE?

“Qualified local government units” mean any city, village or township.

### WHAT IS REHABILITATION?

Rehabilitation is defined as changes to qualified facilities that are required to restore or modify the property, together with all appurtenances, to an economically efficient condition. The new investment in the rehabbed property must result in improvements aggregating to more than 10 percent of

the true cash value of the property at commencement of the rehabilitation of the qualified facility. Rehabilitation includes the following: improvement of floor loads, correction of deficient or excessive height, new or improved fixed building equipment including heating, ventilation, and lighting, reducing multistory facilities to one or two stories, improved structural support including foundations, improved roof structure and cover, floor replacement, improved wall placement, improved exterior and interior appearance of buildings, and other physical changes required to restore or change the property to an economically efficient condition.

Rehabilitation also includes new construction on vacant property from which a previous structure has been demolished and if the new construction is an economic benefit to the local community as determined by the qualified local governmental unit.

Rehabilitation for a qualified retail food establishment also includes new construction.

### WHAT IS THE PROCESS?

Before the Commercial Rehabilitation Exemption Certificate (i.e., property tax abatement) can be granted to the commercial property owner, the city, village or township by resolution of its legislative body, must establish a Commercial Rehabilitation District. The establishment of the district may be initiated by the local government unit or by owners of property comprising 50 percent of all taxable value of the property in the proposed district. The district must be at least three acres in size unless it is located in a downtown or business area or contains a qualified retail food establishment.

The city, village or township must hold a hearing to establish a Commercial Rehabilitation District. Notification of the hearing must be given to the county board of commissioners and all real property owners in the proposed district.

After the hearing is held and the local unit of government determines the district meets the requirements of the act, a copy of the resolution adopting the district shall be provided to the county where the district is established. Within 28 days, the county may accept or reject the establishment of the district. In a county with a county executive, the executive can write a letter rejecting the establishment of the district. In all other counties, the county board of commissioners can pass a resolution rejecting the establishment of the district.



Once the district is established, the property owners may file an application with the local clerk for a commercial rehabilitation exemption certificate. Applications are available from the Michigan Department of Treasury. The local clerk shall provide written notification to the assessor of the local unit of government and each taxing jurisdiction that levies ad valorem property taxes of the application hearing. The city, village or township has 60 days after receipt of the application to either approve or disapprove the application. If denied, a reason must be given in the resolution. The assessor and applicant shall be sent a copy of the unapproved resolution by certified mail. If approved, the application and resolution must be sent to the State Tax Commission, which will certify or deny the application within 60 days. A resolution is not effective unless approved by the State Tax Commission.

### COMMERCIAL REHABILITATION EXEMPTION CERTIFICATE

Upon approval by the State Tax Commission, a commercial rehabilitation certificate is issued. The property owner must pay a Commercial Rehabilitation Tax rather than the normal property tax. The certificate must be issued for a period of at least one year, but cannot exceed 10 years. Certificates initially issued for less than 10 years may be extended, but shall not exceed 10 years. The criteria for extensions must be included in the resolution approving the abatement.

The Commercial Rehabilitation Tax freezes the taxable value of the building and exempts the new investment from local taxes. The school operating tax and the State Education Tax (SET) are still levied on the new investment. Land and personal property cannot be abated under this act.

### DISCUSSION

In addition to the Commercial Rehabilitation Act (PA 210 of 2005), several other property tax abatements are available for the rehabilitation of commercial property in Michigan, including the Commercial Redevelopment Act (PA 255 of 1978) and the Obsolete Property Rehabilitation Act (PA 146 of 2000). Each act has unique eligibility requirements, processes, and lengths and terms of the abatement. Please refer to the Michigan Economic Development Corporation (MEDC) fact sheet for more information on each program and consult the authorizing statute to determine the best fit for your project needs.

### SUPPORTING STATUTE

[Public Act 210 of 2005: Commercial Rehabilitation Act](#)

### CONTACT INFORMATION

For more information on the Commercial Rehabilitation Act, contact the [Community Assistance Team \(CAT\) specialist](#) assigned to your territory or visit [www.miplace.org](http://www.miplace.org).