

## EMAGINE THEATRE TAX SUBSIDY – EXHIBITS, Rev 01

1. **Frequently Asked Questions Commercial Rehabilitation Act (PA 210 of 2005, as amended)**
  - a. [https://www.michigan.gov/documents/taxes/COMM\\_REHAB\\_FAQs\\_Final2\\_490119\\_7.pdf](https://www.michigan.gov/documents/taxes/COMM_REHAB_FAQs_Final2_490119_7.pdf)
  
2. **Commercial Rehabilitation Exemption Application Checklist**
  - a. [http://www.michigan.gov/documents/taxes/Commercial-Rehab-Checklist\\_454896\\_7.pdf](http://www.michigan.gov/documents/taxes/Commercial-Rehab-Checklist_454896_7.pdf)
  
3. **Emagine Hartland Site Plan – drawn by J Culp, dated 11/9/2016**
  - a. <http://hartlandtownshipmi.ig2.com/Citizens/FileOpen.aspx?Type=1&ID=1298&Inline=True>
  
4. **WHMI news article discussing tax break – May 17, 017**

- a. Officials are hoping the creation of a commercial rehabilitation act in Hartland Township and the tax breaks it would offer will bring a major movie theater chain to the area.

The Board of Trustees discussed the details of a how a proposed Emagine Theater would impact the area at their meeting Tuesday night. The theater chain had originally asked for a 10-year tax abatement, but the township found by crunching numbers that a 7-year break would be enough to fit both side’s needs. Hartland Township Supervisor Bill Fountain explained that there will still be taxes coming in from the development. The abatement would be only on the building. The personal property and the land under it would still be taxed by the township. The board estimates that the abatement would save Emagine around \$500,000 over the 7 years.

Many board members expressed an opinion that this kind of development was a benefit to the community and could ignite excitement into the area. The theater, which would be located next to Meijer, could bring in up to 500,000 people per year, by estimate, and in doing so help support nearby businesses, especially restaurants. Board members, during their discussion recognized needs like informing the community on why the tax break would be a good thing, and making sure an incident like Wal-Mart coming in and then leaving quickly doesn’t happen again.

Trustee Matt Germane said he was for the theater, but had heard concerns from residents that the business should be able to make it on its own and without breaks. Trustee Joe Colaianne offered that government has historically gotten involved in enterprises that benefit the community, and that these abatements are here for when the right business comes along. A public hearing has been set for next Tuesday, May 23rd, at 7pm for the board to gather residents input before deciding whether or not to continue along the process. (MK)

**5. Livingston Daily article about Hartland Movie Theater (article published July 22, 2016)**

<http://www.livingstondaily.com/story/news/local/community/hartland/2016/07/22/developer-confirms-hartland-movie-theater-talks/87444784/>

**6. Commercial Rehabilitation District was discussed in May 23, 2017 meeting of the Hartland Township Board of Trustees.**

a. [http://hartlandtownshipmi.ig2.com/Citizens/Detail\\_Meeting.aspx?ID=1877](http://hartlandtownshipmi.ig2.com/Citizens/Detail_Meeting.aspx?ID=1877)

**7. Commercial Rehabilitation District was discussed during May 3, 2017 meeting of the Hartland Township Board of Trustees. (Board Packet page 78)**

<http://hartlandtownshipmi.ig2.com/Citizens/FileOpen.aspx?Type=1&ID=1304&Inline=True>

a. This Hartland Township Board packet contained a document published by the Michigan Municipal League (MML). In this document, the MML discussed some of the history behind the legislative intent as it pertains to the types of properties eligible for exemption.

- i. “This act contains provisions very similar to those contained in Public Act 146 of 2000, known as the Obsolete Property Rehabilitation Act, which applies to blighted, functionally obsolete, and contaminated properties in core cities.”
- ii. “This law was originally created by PA 210 of 2005, but at that time was limited to the Summit Place Mall in Waterford. PA 554 of 2006 removed the limitation, and instead created the 3 acre (except for downtowns) and 15 year (except for New Market Tax Credit property) restrictions.” (Board Packet page 79)

**8. Condition of the Summit Place Mall, originally known as the Pontiac Mall**

a. “Originally known as the Pontiac Mall, this property along Telegraph in Waterford opened in 1962 as Michigan's first enclosed shopping mall. But vacant storefronts proliferated by the early 2000s and the mall closed in September 2009, followed by anchor stores J.C. Penney and Macy’s. Its final anchor, Sears, lingered until December 2014” (Source: Detroit Free Press – November 29, 2016)

**9. Commercial Rehabilitation District was discussed during April 18, 2017 meeting of the Hartland Township Board of Trustees.**

a. <http://hartlandtownshipmi.ig2.com/Citizens/FileOpen.aspx?Type=1&ID=1303&Inline=True>

**10. Commercial Rehabilitation District was discussed during February 7, 2017 meeting of the Hartland Township Board of Trustees.**

- a. <http://hartlandtownshipmi.ig2.com/Citizens/FileOpen.aspx?Type=1&ID=1298&Inline=True>

**11. Emagine Theatre Demands Tax Break from City of Saline – Saline Post 10/16/2016 (Headline)**

- a. “This would be a tax incentive for the Emagine Theater, essentially saying that without it there’s a strong chance that it may not go through,” City Manager Todd Campbell said.
- b. <http://www.thesalinepost.com/government/emagine-theatre-demands-tax-break-city-saline>

**12. Emagine scraps plans for Roseville location – C & G Newspapers (Headline from 11/29/2013)**

The C & G article is shown below.

“ROSEVILLE — Plans to put an Emagine Theatre in Roseville hit a dead end, as the company decided not to move forward with its proposed multimillion-dollar plans at 13 Mile Road and Little Mack Avenue.

Roseville City Manager Scott Adkins said he received a phone call from Emagine CEO Paul Glantz in late August informing Adkins that the project was not economically feasible and that the company would be withdrawing its proposal.

“We really don’t know what their decision process was,” Adkins said. “He said the project was off the table and that there was nothing the city had done or had not done to take the project off the table.”

Glantz said as Emagine Entertainment updated the cost of the project, they found that it was high in relation to the money they could make and the risk.

“As we refined the cost, relative to the market opportunity, we concluded that the risk-return parameter didn’t work for us,” Glantz said.”

Adkins said the city, Macomb County and the Macomb County Economic Development Corporation had all offered assistance on the project, but it did not work out. Nevertheless, he said the offer still stands for Emagine, if the company changes its mind and decides to move forward on the property anyway.

“It was disappointing for us to hear that, but we’re resilient,” Adkins said. “We will be pursuing other options.”

The city still has a commercial rehabilitation district in place at the Kmart building, which locks in the property tax rate at its August 2012 rate for 10 years. Adkins said that is a “key piece” in

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marketing the property to potential developers and that the city has a few possibilities floating around.

The plan, announced initially in July, was expected to cost \$20 million to tear down the Kmart building and construct a new building to house what was anticipated to be the largest movie screen in the state.

“It’s going to be 84 feet wide and over 50 feet tall,” Glantz said in July. “This will be larger than the Imax screen at the Henry Ford. Typical theater screens vary in size, but they are usually 30-60 feet wide; this is adding 30 percent onto that.”

Factors the company looks for in developing new properties include the capital used — including the land cost — and the current local market conditions, he said. Glantz added that the company is still looking to open a theater in Macomb County, but it has not solidified on any site to the point where he was willing to comment.”

### 13. Royal Oak's new DDA rule in dispute – Crain’s Detroit Business (Headline from 5/16/2010)

“Royal Oak may venture into uncharted legal waters this week when it starts implementing a new oversight practice for its Downtown Development Authority in the wake of a DDA tax credit award to Emagine Entertainment Inc.

Lawyers and Royal Oak officials said a city code amendment approved last month to make all DDA decisions subject to the approval of the City Commission is without precedent and may be open to a legal challenge.

The commission adopted the amendment after the DDA gave a \$300,000 tax credit inducement March 24 to Emagine for its \$19 million movie theater, bowling alley and entertainment complex proposed at 11 Mile Road and Troy Street. The credit helps the company become eligible for state tax incentives.”

...

“The credit, he said, helps offset more than \$800,000 in various streetscape improvements, downtown streetlights, gutters and drainage systems and other improvements he must complete at the site to meet the city's requirements.”

### 14. Emagine gets \$300,000 inducement – Daily Tribune (Headline from 4/1/2010)

“**ROYAL OAK** -- Emagine Theater owner Paul Glantz received a \$300,000 "show of community support" from the Downtown Development Authority that will make his \$14 million project eligible for state tax credits.

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The DDA funding will come in the form of reimbursing Glantz the tax revenue it will capture from Emagine if the movie, restaurant and bowling complex opens at the northwest corner of 11 Mile Road and Troy Street, which is in the authority's tax increment finance district.

Glantz will use the money to make improvements along 11 Mile and Troy, such as sidewalks, curbs, entrances and decorative street lights.

He couldn't be reached for comment, but in a letter to the DDA Glantz said the difficulty in getting commercial loans is behind his decision to apply for \$750,000 to \$1.25 million of Michigan Business Tax credits. His application is due June 16.”

### 15. Michigan Votes analysis of PA 210 of 2005

- a. To authorize the creation of local **commercial rehabilitation districts** by local governments in high-vacancy **commercial districts** (such as older shopping malls like Summit Place Mall in Oakland County), in which owners of **commercial** structures would be eligible for reduced property tax rates. Essentially, if a mall is renovated, the property tax would be frozen for up to 10 years at the level it was before the renovation. [Official Text and Analysis.](#)
- b. <http://www.michiganvotes.org/SearchLegislation.aspx?CategoryID=0&Keywords=commercial+rehabilitation+district&StartDate=1%2F1%2F2005&EndDate=12%2F31%2F2006&Results=50&op=Search>

### 16. Condition of Summit Place Mall

- a. Headline from 4/27/16 Oakland Press Article: “Inside Waterford’s Summit Place Mall: Debris, mold now main attraction”
- b. <http://www.theoaklandpress.com/general-news/20160427/inside-waterfords-summit-place-mall-debris-mold-now-main-attraction>

### 17. ENROLLED HOUSE BILL No. 4369 – what a qualified facility used to be

- a. <http://www.legislature.mi.gov/documents/2005-2006/publicact/pdf/2005-PA-0210.pdf>
- b. (g) “Qualified facility” means a building or group of contiguous buildings of commercial property consisting of 1,000,000 or more square feet of space that is 40% or more vacant for 12 or more consecutive months immediately preceding the date of application for the certificate and that is 15 years old or older.

### 18. Senate Fiscal Analysis of bill in 2005

- a. Exempt from property taxes a qualified facility for which an exemption certificate was in effect, and provide for the levy of a commercial rehabilitation tax on the facility owner.

- b. <http://www.legislature.mi.gov/documents/2005-2006/billanalysis/Senate/pdf/2005-SFA-4369-F.pdf>

**19. Application for Commercial Rehabilitation Exemption Certificate – filed after the CRD is approved**

- a. [http://www.michigan.gov/documents/taxes/4507\\_246308\\_7.pdf](http://www.michigan.gov/documents/taxes/4507_246308_7.pdf)

**20. Property tax rates in Michigan (2016) – Published by the Michigan Department of Treasury**

- a. Key statistics from this report
  - i. 77% of Michigan counties levy a higher average non-homestead property tax rate than Livingston County.
  - ii. Within Livingston County, 57% of townships and municipalities levy a higher non-homestead property tax rate than Hartland Township.
- b. [http://www.michigan.gov/documents/taxes/2016\\_Total\\_Rates\\_Report\\_-\\_Web\\_548471\\_7.pdf](http://www.michigan.gov/documents/taxes/2016_Total_Rates_Report_-_Web_548471_7.pdf)

**21. Paul Glantz, Emagine owner, commenting on tax policy changes which could impact theater owners**

BY LAURA WEBER  
*Michigan Public Radio Network*

LANSING — Michigan’s movie theaters may soon have to pay taxes on rent for their film reels. A state House panel is discussing a bill that would eliminate that particular tax exemption for movie theaters.

Paul Glantz is with Emagine Theaters. He spoke before the House Tax Policy committee.

“Consider the economic impact of those who are prepared to continue to invest in Michigan, particularly entrepreneurial business owners, as you decide to embed additional taxes in the cost structure of our business,” said Glantz.

“In an environment which we desperately need more employment in the state of Michigan, the last thing we want to do is impede capital flow in an industry that has demonstrated success in growing local businesses,” he said.

The House committee is looking at several tax exemptions and loopholes as they try and find ways to bring money into the state. None of the ideas have been very popular in the Legislature.

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<https://wcmunews.wordpress.com/page/361/>

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### 22. Crain’s Detroit Business – November 17, 2014 (Excerpt)

- a. “Emagine Entertainment Inc. plans to open its first theater in Macomb County before year’s end. And by next spring, it plans to open another in Birmingham’s Palladium complex. The theaters, Emagine’s seventh and eighth in the state, are expected to add \$10 million to the chain’s \$35 million in annual revenue in the coming year, cofounder and Chairman Paul Glantz said. “I believe movie-going is returning to its roots as neighborhood retail,” in contrast to the multiplex theaters within malls, said Glantz, 57, who is also president and CEO of Troy-based Proctor Financial Inc. Both sites will look to take advantage of demand for local movie theaters, he said. And the Birmingham theater, downtown on Old Woodward Avenue, will include a new subscriber model to give members — customers who buy annual memberships, patrons of white-tablecloth restaurants in the city or guests of the Townsend Hotel— exclusive dibs on the limited number of seats.”
- b. <http://www.crainsdetroit.com/assets/PDF/CD972621116.PDF>

### 23. Paul Glantz association with Proctor Financial, Inc. Glantz is the owner of Emagine Entertainment

- a. <https://www.bloomberg.com/research/stocks/private/snapshot.asp?privcapId=4577036>

### 24. Elimination of Michigan Business Tax – Quote from mLive article 5/25/11

- a. “Overall, it amounts to a \$220 million net cut in tax revenues to state coffers, but for Michigan businesses, including some 100,000 that no longer will have to pay the repealed Michigan Business Tax, it’s a \$1.65 billion cut.”
- b. [http://www.mlive.com/politics/index.ssf/2011/05/gov\\_rick\\_snyder\\_signs\\_michigan.html](http://www.mlive.com/politics/index.ssf/2011/05/gov_rick_snyder_signs_michigan.html)

### 25. Movie theatre ticket sales peaked in 2002, since that time sales have steadily declined. 2016 sales are 18% below their peak: Domestic Movie Theatrical Market Summary 2002 to 2016

Year	Tickets Sold	Total Box Office	Total Inflation Adjusted Box Office	Average Ticket Price
<a href="#">2016</a>	1,300,652,133	\$11,250,644,383	\$11,250,644,383	\$8.65
<a href="#">2015</a>	1,338,896,756	\$11,286,903,046	\$11,581,456,967	\$8.43
<a href="#">2014</a>	1,267,279,234	\$10,353,674,454	\$10,961,965,400	\$8.17
<a href="#">2013</a>	1,340,176,932	\$10,895,641,439	\$11,592,530,483	\$8.13
<a href="#">2012</a>	1,387,602,970	\$11,045,322,588	\$12,002,765,713	\$7.96
<a href="#">2011</a>	1,281,059,097	\$10,158,801,131	\$11,081,161,215	\$7.93
<a href="#">2010</a>	1,331,636,294	\$10,506,612,610	\$11,518,653,967	\$7.89
<a href="#">2009</a>	1,418,841,184	\$10,641,310,754	\$12,272,958,163	\$7.50
<a href="#">2008</a>	1,362,435,970	\$9,782,292,328	\$11,785,071,154	\$7.18
<a href="#">2007</a>	1,419,660,704	\$9,767,268,194	\$12,280,065,100	\$6.88
<a href="#">2006</a>	1,403,069,991	\$9,190,110,914	\$12,136,555,438	\$6.55
<a href="#">2005</a>	1,376,193,127	\$8,821,400,084	\$11,902,185,388	\$6.41
<a href="#">2004</a>	1,494,939,272	\$9,283,574,830	\$12,931,224,732	\$6.21
<a href="#">2003</a>	1,524,982,768	\$9,195,647,984	\$13,191,100,965	\$6.03
<a href="#">2002</a>	1,576,889,752	\$9,161,731,254	\$13,640,096,368	\$5.81

Source: <http://www.the-numbers.com/market/>

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**26. From 2002 through 2016, U.S. population has increased – US Census Bureau**

- a. <http://www.multpl.com/united-states-population/table>
- b. July 2016 – 323.13 million
- c. July 2002 - 287.63 million
- d. Percentage increase – 12.3%

**27. There are 19 movie theatres within 20 miles of Hartland – The Big Screen Cinema Guide**

- a. <http://www.bigscreen.com/Marquee.php?view=nearby&zip=48353&lat=42.624245&long=-83.707663&range=20&scope=all>
- b. There are 73 movie theatres with 30 miles of Hartland