

**CITY OF LIVONIA, MICHIGAN
TAX INCENTIVE POLICY
UNDER
PUBLIC ACT 198 OF 1974,
AS AMENDED**

MAYOR

Maureen Miller Brosnan

CITY COUNCIL

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**PLANNING & ECONOMIC
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February 19, 2020

STEPS TO FOLLOW WHEN FILING AN INDUSTRIAL FACILITIES EXEMPTION APPLICATION TO ESTABLISH AN INDUSTRIAL DEVELOPMENT OR PLANT REHABILITATION DISTRICT

1. **Prior to the start of the project.** make a written request to the City Council and deliver it to the City Clerk. A legal description of the property must be attached.
2. Notice is given by the City Clerk to the general public and certified letters are sent to owner(s) of property located in the proposed district that a hearing is to be held concerning the establishment of the district.
3. The hearing is held, and the proposed district is either approved or denied at a subsequent vote by Council during its next voting meeting.
4. If the district is approved, obtain an application from either the Assessor's Office or the Planning Department.
5. Submit three (3) copies of the completed application (with all attachments outlined on the fourth page of the application) to the City Clerk's Office with the required non-refundable \$1,000 filing fee made payable to: City of Livonia.
 - District is to be established prior to the start of construction.
 - Application must be filed within six months from the start of construction or personal property acquisition.
 - Applicant's portion of the application must be complete.
6. Notice by the Clerk's Office is given to the general public and certified letters are sent to all taxing authorities informing them of the date of the hearing for the application. Notice must be given at least 10 days prior to the hearing.
7. The hearing is held, and the application is either approved or denied at a subsequent vote by Council during its next voting meeting.
8. If the application is denied an appeal may be made to the State Tax Commission within 10 days of the denial.
9. Upon approval of an application, the City Clerk will forward FOUR copies of the application, resolutions, notices and attached information to the State Tax Commission for review and approval.
10. The Clerk's signature and date received from the applicant will be filled in on page one. The Clerk's signature and the date the local unit acted upon the request and the number of years approved will be completed on page three.

11. For local units whose S.E.V. of abated industrial and commercial real and personal property exceeds 50% of the total S.E.V. of real and personal property for the local unit, Form T-3222, Supplement or T-1044A Fiscal Statement for Tax Abatement Request Summary Information will be completed and filed by the City Assessor.

CITY OF LIVONIA, MICHIGAN

TAX INCENTIVE POLICY CONSIDERATIONS

While there exists a need to improve industrial properties in the City of Livonia, there also exists a need to maintain an adequate tax base and to minimize, or prevent, the shifting of the "tax burden" from industrial properties to the City's residential properties.

In order to minimize the shifting of the tax burden from commercial and industrial taxpayers to the City's residential taxpayers, and to allow the City to continue to provide the essential services of government, as a condition of approving an Industrial Facilities Exemption Certificate or a Plant Rehabilitation District, the City requests that the applicant waive any and all rights to seek further tax relief with respect to the subject property, as well as all real and personal property situated in the City of Livonia during the period of the proposed abatement and two years thereafter.

As a means of balancing both the improvement of industrial property and the maintenance of an adequate tax base, an application for an Industrial Facilities Exemption Certificate will be reviewed on its merits with respect to the degree to which it will assist in achieving the defined goals of the City of Livonia, that is, to both serve the residents of the City and act as an inducement for these goals. Only in those cases where benefit accrues to the City will an Exemption Certificate be considered. All procedures, rights, and obligations concerning such exemptions are subject to the Plant Rehabilitation and Industrial Development Districts Act, P.A. 198 of 1974, as amended.

As provided in Act 198, the maximum length of a tax abatement is twelve years.

As a result of Proposal A in 1994, the millage rates that the City can consider under Act 198 excludes the State Education Tax.

1. GOALS

Plant Rehabilitation and Industrial Development Districts may be established for the following reasons:

- a. To reduce property taxes as an obstacle to development of problem parcels of industrial real estate;
- b. To enhance, over the long run, the tax base of the City of Livonia;
- c. To encourage development that will increase the economic vitality of the industrial districts;
- d. To create and retain employment from existing industrial facilities that might otherwise leave the City;

- e. To assist in the rehabilitation of older facilities and/or expansions of existing industrial facilities;
- f. To enhance the general attractiveness of the community.

2. ELIGIBLE FACILITIES

Industrial plants eligible for tax benefits under Act 198 are those that primarily manufacture or process goods or materials by physical change. Related facilities of Michigan manufacturers such as offices, engineering, research and development, warehousing or parts distribution may also be eligible for exemption.

The exemption applies to buildings, building improvements, machinery, equipment, furniture and fixtures. Real property and personal property are eligible whether owned or leased (provided the lessee is liable for direct payment of taxes on the property).

The exemption covers only the specific project which is the subject of the application for an Industrial Facilities Exemption Certificate. Any existing buildings and any equipment which existed prior to construction of a "new facility" are not exempt. If the property is a "rehabilitation", the value of any pre-existing, obsolete property is exempt from ad valorem taxes, but will be used as the base for the Industrial Facility Tax. Similarly, any structures or equipment added subsequent to the completion of the project are fully taxable, unless an additional abatement is applied for and granted.

Land is specifically excluded from the benefits of the act and is fully taxable.

3. INDUSTRIAL FACILITY TAX

Tax abatement does not relieve the property of all taxes. On plants that are being replaced, or restored, the assessed value of the plant is "frozen" at the level of the obsolete facility prior to improvement (they continue to pay taxes at that rate but the value of the improvement receives a 100% exemption from the property tax.) For a new facility, the tax is like the property tax but slightly more than one-half the millage rate is applied which results in a 40-45% reduction in property taxes on the new construction and/or equipment. In each instance the land is not included in the abatement and therefore is taxed at 100%.

Obsolete Facility

For an obsolete plant that is being replaced or restored, the Industrial Facilities Tax is determined like an ad valorem property tax except the assessed value of the plant is "frozen" at the level of the obsolete facility prior to the improvement. This means that for the length of the abatement, no taxes will be levied on the value of the improvements.

New Facility

For a new plant, the Industrial Facilities Exemption Tax is also determined like the property tax, but only one-half the millage rate (with the exception of the state education tax) is applied. This amounts to a 40-45% reduction in property taxes on new construction and/or new machinery and equipment.

Within sixty days of the City granting an Industrial Facilities Exemption Certificate, the State Treasurer may exclude one-half or all of the number of mills levied under the State Education Tax Act from the specific tax calculation on the facility if it is determined that reducing the number of mills used to calculate the specific tax is necessary to reduce unemployment, promote economic growth, and increase capital investment in the state.

Millage Rates

Due to the fact that the millage rate varies from year to year, the following formula is being provided to help in calculating new industrial certificates:

Current tax = S.E.V. x ½ current year total ad valorem millage levied minus the State Education Tax (6 mills) plus the portion of State Education Tax (6 mills) not exempted by the Michigan Jobs Commission.

Translation: New certificate holders will pay approximately 55% - 60% of the current total non-homestead millage rate.

An Industrial Facilities Exemption Certificate shall become effective on December 30 following the issuance of the Certificate. The maximum period that a Certificate may be in effect is twelve (12) years after the completion of the facility with respect to the real property and personal property components of the facility. The date of issuance of a certificate of occupancy shall be the date of completion of the facility.

The City Council may revoke the Certificate if it is determined that completion of the facility has not occurred within two years after the effective date of the Certificate; or a greater time as authorized by the City Council for good cause; or if the holder of the Certificate has not proceeded in good faith in a manner consistent with the purposes of Act 198 in the absence of circumstances beyond the control of the holder.

4. AGREEMENT

An Industrial Facilities Exemption Certificate shall not be approved and issued unless a written agreement is entered into between the City of Livonia and the owner of the industrial facility and filed with the Michigan Department of Treasury. A sample copy of an agreement is attached to this policy statement.

5. **APPLICATION PROCESS**

Granting Industrial Facilities Exemption Certificates is a two-step process and involves the City of Livonia and the State of Michigan.

A. **Establish Industrial Development District or Plant Rehabilitation District**

Either the City Council or owners of seventy-five percent of the State Equalized Value of the industrial property located within the district may initiate action to establish an Industrial Development District, or a Plant Rehabilitation District. A request for establishment of such district and a legal description of the property must be filed with the **City Clerk** prior to commencement of the construction, alteration, or installation of equipment. The City Clerk shall provide copies of the request with the **City Assessor**, the **Planning Director**, the **Economic Development Director** and the **City Council** office.

Written notice, by certified mail, of the proposed district must be provided by the **City Clerk** to the owner of all real property within the proposed district prior to a public hearing.

B. **Request for Industrial Facilities Exemption Certificate**

Upon receipt of an application for a certificate made to the City Clerk on forms provided by the State Tax Commission (copy attached), the City Clerk will give notice to each taxing jurisdiction that levies ad valorem property taxes and shall afford the various taxing units an opportunity for a hearing. The City Clerk shall provide copies of the request with the **City Assessor**, the **Planning Director**, the **Economic Development Director** and the **City Council** office.

The completed application shall contain the information required by Act 198, and in addition shall contain an estimate of the number of jobs created or retained and the timetable for creation or retention of the jobs.

C. **Submittal to State**

If the application for a Certificate is approved, the **City Clerk** shall forward the application to the State Tax Commission for review and approval. The State Tax Commission grants final approval and issues the exemption certificate.

D. **Application Fee**

A non-refundable filing fee of \$1,000 must accompany the application for an Exemption Certificate.

6. **GUIDELINES FOR TAX ABATEMENT**

The City Council reserves the right to exercise its discretion in review of the tax abatement guidelines in any individual case. Council reserves the right to modify the tax abatement guidelines to reflect changing objectives, priorities or conditions.

Criteria used in reviewing applications will include, but not be limited to:

- a. Compliance with the Livonia Zoning Ordinance and Master Plan;
- b. There must be no outstanding taxes owed by the applicant or on the project;
- c. Submission of site plans and elevations;
- d. The project is a redevelopment or rehabilitation project, or a new development, that is important to the future of the City;
- e. Additional permanent jobs will be created as a result of the project or existing permanent jobs will be retained;
- f. The project was not started before application for abatement was received by the City;
- g. The new investment will promote community health, safety and welfare;
- h. The prospects for long-term growth are present;
- i. There is no pending or current litigation against the City by the applicant or its agent.
- j. There will be no future litigation or claims made against the City by the applicant or its successor for further tax relief during the period of abatement and two years thereafter, in any court of law or quasi-judicial forum, including but not limited to the Michigan Tax Tribunal.

To determine the number of years for which a project may be eligible, the City Council will weigh the following factors:

- a. Value of Capital Investment (excluding land);
- b. Number of new full time jobs resulting from investment;
- c. Type of new full time jobs being created;
- d. Number of existing jobs being retained;
- e. The industrial or manufacturing classification represented by the applicant;
- f. Whether the industrial or manufacturing classification is subject to significant foreign competition;
- g. That the company is an equal opportunity employer;
- h. Finally, the "Tax Exemption Duration Chart" on the following page shall determine the number of years the project is eligible.

**TAX EXEMPTION DURATION CHART
FOR INDUSTRIAL FACILITIES (P.A. 198)**

| Value of Capital Investment (excluding land) | NUMBER OF NEW AND/OR RETAINED JOBS RESULTING FROM CONSTRUCTION AND/OR MACHINERY AND EQUIPMENT EXPANSION | | | | | | | | |
|---|--|---------|----------|-----------|-----------|-----------|-----------|-----------|-----|
| | 1- 3 | 4- 7 | 8- 12 | 13- 17 | 18- 25 | 26- 30 | 31- 35 | 36- 40 | 41+ |
| (Minimum) | <u>Exemption Duration (Years)</u> | | | | | | | | |
| \$500,000- \$550,000 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 |
| \$550,001- \$1,000,000 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | |
| \$1,000,001- \$1,450,000 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | | |
| \$1,450,001- \$1,725,000 | 7 | 8 | 9 | 10 | 11 | 12 | | | |
| \$1,725,001- \$2,075,000 | 8 | 9 | 10 | 11 | 12 | | | | |
| \$2,075,001- \$2,350,000 | 9 | 10 | 11 | 12 | | | | | |
| \$2,350,001- \$2,575,000 | 10 | 11 | 12 | | | | | | |
| \$2,575,001- \$3,000,000 | 11 | 12 | | | | | | | |
| \$3,000,001+ | 12 | | | | | | | | |

CITY OF LIVONIA
INDUSTRIAL FACILITIES EXEMPTION CERTIFICATE AGREEMENT

WHEREAS, the City of Livonia is a Home Rule Michigan Municipal Corporation and a local governmental unit within the meaning of Act 198 of the Public Acts of 1974 as amended; and

WHEREAS, Act 198 as amended provides for the consideration by a local governmental unit of an application for an Industrial Facilities Exemption Certificate; and

WHEREAS, effective April 1, 1994, Act 198 has been amended and said amendment requires a written agreement between the local governmental unit and the owner of an industrial facility which is to be filed with the Department of Treasury; and

WHEREAS, _____ is an industrial facility, or wishes to become an industrial facility, within an established plant rehabilitation district or industrial development district within the City of Livonia; and

WHEREAS, all conditions precedent as required by Act 198 as amended have been met; and

WHEREAS, _____ has filed an application for an Industrial Facilities Exemption Certificate with the City Clerk within an established district.

NOW THEREFORE, it is mutually agreed and understood as follows:

1. The application for an Industrial Facilities Exemption Certificate is approved for a period of _____ years ending on December 30, _____.
2. The approval of the City of Livonia is based upon a legislative finding that the granting of the Industrial Facilities Exemption Certificate considered with the aggregate amount of previously granted Industrial Facilities Exemption Certificates does not have the effect of substantially impeding the operation of the City of Livonia or impairing the financial soundness of a taxing unit that levies an ad valorem property tax within the City of Livonia.
3. In the event the applicant, _____ ceases doing business or lays off more than 50 percent of its work force for a period of six months or more prior to the expiration of the Industrial Facilities Exemption Certificate, the remaining term of years shall be null and void and all ad valorem taxes abated as a result of the issuance of the Industrial Facilities Exemption Certificate shall immediately become due and payable upon demand by the City. Furthermore, failure by _____ to pay said abated taxes within 30 days shall result in the City placing a lien upon all properties covered by the Industrial

Facilities Exemption Certificate on the tax rolls of the City and/or County which lien may not be discharged until the payment thereof and which lien shall be treated in the same manner as delinquent taxes.

4. The provisions of Paragraph 3 shall be implemented pursuant to Act 198, Sections 13 and 15, since the purposes for the issuance of the certificate are no longer being fulfilled and there is no reasonable likelihood that employment will be created or retained.
5. The Company shall have the duty to notify the City of Livonia in writing within 24 hours of the date which the facility has been closed or more than 50 percent of its employees have been laid off. The failure to do so shall result in the addition of penalties, interest, and costs allowed by statute in the case of delinquent taxes to be levied on the abated taxes in addition to the principal amounts.
6. The Company has indicated that at least _____ jobs will be added/retained (choose one) to its workforce within twelve months.
The Company has indicated an investment of \$ _____ in the facility within twelve months of the date of this agreement. This investment shall include the cost of building improvements, machinery and equipment, as well as furniture and fixtures.
7. If, after twelve months from the date of this agreement, and any time subsequent thereto, _____ has not employed the number of persons set forth in Paragraph 6, or has not made the investment specified in Paragraph 6, the City could request that the State Tax Commission review the number of years of the certificate.
8. No later than the 10th day of January immediately following the second year after the issuance of the Industrial Facilities Exemption Certificate (IFEC), and biannually thereafter the Company shall submit a letter to the City Assessor stating:
 - a. The number of new jobs identified in the IFEC application within a two-year period and the actual number of new jobs;
 - b. If the IFEC was granted on the basis of job retention, the number of employees at the time of the application and the current number of employees;
 - c. If projection for creation or retention of jobs was not reached, give explanation.
 - d. The estimated project cost given in the application and the actual project cost.
 - e. If actual project costs differ substantially from projected cost, give explanation.

- f. Current number of employees and their communities of residence.
 - g. If the current number of employees is less than the number of projected in the application, an explanation for the reduced number shall be included.
9. The Company agrees to remain in the City of Livonia for the period of the Industrial Facilities Exemption Certificate in order to retain the benefits of the abated taxes unless permission for relocation is granted by the City Council. Failure to obtain permission for relocation prior to the end of the term of the Industrial Facilities Exemption Certificate shall result in the right of the City to recapture from _____ all taxes abated plus interest at the rate of six (6) per cent per year compounded annually. Should the company relocate without said permission, the taxes and interest shall be a lien placed upon the tax rolls of the City and/or County and collected in the same manner set forth in Paragraph 3.
10. The Company agrees it will NOT seek further tax relief relative to the subject property and all property situated in the City of Livonia. The Company agrees to waive its appeal rights on the assessed, taxable and slate equalized values as to all real and personal property situated in the City of Livonia, including but not limited to the subject property, in any and all forums, during the period of abatement and two (2) years thereafter.
11. The covenants herein shall bind the heirs, designees, legatees, assigns and successors of the respective parties. This contract shall be governed by the laws of the State of Michigan. In the event that any provision of this agreement shall be deemed to be unlawful or unenforceable, it shall be construed to be severed here from and not to affect the enforceability of any provision herein contained.
12. This agreement shall not be effective until approved by the City Council of the City of Livonia and signed by the Mayor and City Clerk of the City and the appropriate company representatives.

**CITY OF LIVONIA
INDUSTRIAL FACILITIES EXEMPTION CERTIFICATE AGREEMENT**

WITNESSES:

CITY OF LIVONIA

By: _____
Maureen Miller Brosnan, Mayor

Date: _____

By: _____
Susan Nash, City Clerk

Date: _____

(Company Name)

By: _____
(Name)

Its: _____
(Title)

Date: _____

**INDUSTRIAL FACILITIES EXEMPTION APPLICATION
AFFIDAVIT OF FEES**

In accordance with State Tax Commission Bulletin No. 3 dated January 1998, the Local Unit and Applicant for Industrial Facilities Exemption Certificate do hereby swear and affirm that no payment of any kind, whether they be referred to as "fees," "payments in lieu of taxes," "donations," or by other like terms, such payments are contrary to the legislative intent of Act 198 that exemption certificates have the effect of abating all ad valorem property taxes levied by taxing units with the unit of local government which approves the certificate.

We do swear and affirm by our signatures below that "no payment of any kind in excess of the fee allowed, as amended by Public Act 323 of 1996, has been made or promised in exchange for favorable consideration of an exemption certificate application."

City / Twp / Village of _____

Signed _____

Print Name _____

Title _____

Dated _____

Applicant _____

Signed _____

Print Name _____

Title _____

Dated _____

Application for Industrial Facilities Tax Exemption Certificate

Issued under authority of Public Act 198 of 1974, as amended. Filing is mandatory.

INSTRUCTIONS: File the original and one copy of this form and the required attachments (two complete sets) with the clerk of the local government unit. The State Tax Commission (STC) requires one complete set (one original). One copy is retained by the clerk. If you have any questions regarding the completion of this form, call 517-335-7460.

| To be completed by Clerk of Local Government Unit | |
|---|-------------------------------|
| Signature of Clerk | ▶ Date Received by Local Unit |
| STC Use Only | |
| ▶ Application Number | ▶ Date Received by STC |

APPLICANT INFORMATION

All boxes must be completed.

| | | |
|--|--|-------------------|
| ▶ 1a. Company Name (Applicant must be the occupant/operator of the facility) | ▶ 1b. Standard Industrial Classification (SIC) Code - Sec. 2(10) (4 or 6 Digit Code) | |
| ▶ 1c. Facility Address (City, State, ZIP Code) (real and/or personal property location) | ▶ 1d. City/Township/Village (indicate which) | ▶ 1e. County |
| ▶ 2. Type of Approval Requested <input type="checkbox"/> New (Sec. 2(5)) <input type="checkbox"/> Transfer <input type="checkbox"/> Speculative Building (Sec. 3(8)) <input type="checkbox"/> Rehabilitation (Sec. 3(6)) <input type="checkbox"/> Research and Development (Sec. 2(10)) <input type="checkbox"/> Increase/Amendment | ▶ 3a. School District where facility is located | ▶ 3b. School Code |
| 4. Amount of years requested for exemption (1-12 Years) | | |

5. Per section 5, the application shall contain or be accompanied by a general description of the facility and a general description of the proposed use of the facility, the general nature and extent of the restoration, replacement, or construction to be undertaken, a descriptive list of the equipment that will be part of the facility. Attach additional page(s) if more room is needed.

| | | |
|---|---|--------------------------------|
| 6a. Cost of land and building improvements (excluding cost of land) | ▶ | _____ |
| * Attach list of improvements and associated costs. | | |
| * Also attach a copy of building permit if project has already begun. | | |
| 6b. Cost of machinery, equipment, furniture and fixtures | ▶ | _____ |
| * Attach itemized listing with month, day and year of beginning of installation, plus total | | |
| 6c. Total Project Costs | ▶ | _____ |
| * Round Costs to Nearest Dollar | | |
| | | Real Property Costs |
| | | Personal Property Costs |
| | | Total of Real & Personal Costs |

7. Indicate the time schedule for start and finish of construction and equipment installation. Projects must be completed within a two year period of the effective date of the certificate unless otherwise approved by the STC.

| | <u>Begin Date (M/D/Y)</u> | <u>End Date (M/D/Y)</u> | | |
|--------------------------------|---------------------------|-------------------------|---|--|
| Real Property Improvements | ▶ _____ | _____ | ▶ | <input type="checkbox"/> Owned <input type="checkbox"/> Leased |
| Personal Property Improvements | ▶ _____ | _____ | ▶ | <input type="checkbox"/> Owned <input type="checkbox"/> Leased |

▶ 8. Are State Education Taxes reduced or abated by the Michigan Economic Development Corporation (MEDC)? If yes, applicant must attach a signed MEDC Letter of Commitment to receive this exemption. Yes No

▶ 9. No. of existing jobs at this facility that will be retained as a result of this project. ▶ 10. No. of new jobs at this facility expected to create within 2 years of completion.

11. Rehabilitation applications only: Complete a, b and c of this section. You must attach the assessor's statement of SEV for the entire plant rehabilitation district and obsolescence statement for property. The Taxable Value (TV) data below must be as of December 31 of the year prior to the rehabilitation.

| | |
|--|-------|
| a. TV of Real Property (excluding land) | _____ |
| b. TV of Personal Property (excluding inventory) | _____ |
| c. Total TV | _____ |

▶ 12a. Check the type of District the facility is located in:
 Industrial Development District Plant Rehabilitation District

▶ 12b. Date district was established by local government unit (contact local unit) ▶ 12c. Is this application for a speculative building (Sec. 3(8))?
 Yes No

APPLICANT CERTIFICATION - complete all boxes.

The undersigned, authorized officer of the company making this application certifies that, to the best of his/her knowledge, no information contained herein or in the attachments hereto is false in any way and that all are truly descriptive of the industrial property for which this application is being submitted.

It is further certified that the undersigned is familiar with the provisions of P.A. 198 of 1974, as amended, being Sections 207.551 to 207.572, inclusive, of the Michigan Compiled Laws; and to the best of his/her knowledge and belief, (s)he has complied or will be able to comply with all of the requirements thereof which are prerequisite to the approval of the application by the local unit of government and the issuance of an Industrial Facilities Exemption Certificate by the State Tax Commission.

| | | | |
|--|-----------------------|-----------------------|---------------------|
| 13a. Preparer Name | 13b. Telephone Number | 13c. Fax Number | 13d. E-mail Address |
| 14a. Name of Contact Person | 14b. Telephone Number | 14c. Fax Number | 14d. E-mail Address |
| ▶ 15a. Name of Company Officer (No Authorized Agents) | | | |
| 15b. Signature of Company Officer (No Authorized Agents) | | 15c. Fax Number | 15d. Date |
| ▶ 15e. Mailing Address (Street, City, State, ZIP Code) | | 15f. Telephone Number | 15g. E-mail Address |

LOCAL GOVERNMENT ACTION & CERTIFICATION - complete all boxes.

This section must be completed by the clerk of the local governing unit before submitting application to the State Tax Commission. Check items on file at the Local Unit and those included with the submittal.

| | |
|--|---|
| ▶ 16. Action taken by local government unit <input type="checkbox"/> Abatement Approved for _____ Yrs Real (1-12), _____ Yrs Pers (1-12) After Completion <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Denied (Include Resolution Denying) | 16b. The State Tax Commission Requires the following documents be filed for an administratively complete application: Check or Indicate N/A if Not Applicable <input type="checkbox"/> 1. Original Application plus attachments, and one complete copy <input type="checkbox"/> 2. Resolution establishing district <input type="checkbox"/> 3. Resolution approving/denying application. <input type="checkbox"/> 4. Letter of Agreement (Signed by local unit and applicant) <input type="checkbox"/> 5. Affidavit of Fees (Signed by local unit and applicant) <input type="checkbox"/> 6. Building Permit for real improvements if project has already begun <input type="checkbox"/> 7. Equipment List with dates of beginning of installation <input type="checkbox"/> 8. Form 3222 (if applicable) <input type="checkbox"/> 9. Speculative building resolution and affidavits (if applicable) |
| 16a. Documents Required to be on file with the Local Unit Check or Indicate N/A if Not Applicable <input type="checkbox"/> 1. Notice to the public prior to hearing establishing a district. <input type="checkbox"/> 2. Notice to taxing authorities of opportunity for a hearing. <input type="checkbox"/> 3. List of taxing authorities notified for district and application action. <input type="checkbox"/> 4. Lease Agreement showing applicants tax liability. | |
| 16c. School Code | |
| 17. Name of Local Government Body | ▶ 18. Date of Resolution Approving/Denying this Application |

Attached hereto is an original application and all documents listed in 16b. I also certify that all documents listed in 16a are on file at the local unit for inspection at any time, and that any leases show sufficient tax liability.

| | | |
|--|--------------------|---------------------|
| 19a. Signature of Clerk | 19b. Name of Clerk | 19c. E-mail Address |
| 19d. Clerk's Mailing Address (Street, City, State, ZIP Code) | | |
| 19e. Telephone Number | 19f. Fax Number | |

State Tax Commission Rule Number 57: Complete applications approved by the local unit and received by the State Tax Commission by October 31 each year will be acted upon by December 31. Applications received after October 31 may be acted upon in the following year.

Local Unit: Mail one original of the completed application and all required attachments to:

**Michigan Department of Treasury
 State Tax Commission
 PO Box 30471
 Lansing, MI 48909**

(For guaranteed receipt by the STC, it is recommended that applications are sent by certified mail.)

| STC USE ONLY | | | | |
|--------------|-------------------|-----------------------|-----------------|---------------------|
| ▶ LUCI Code | ▶ Begin Date Real | ▶ Begin Date Personal | ▶ End Date Real | ▶ End Date Personal |

Instruction for Completing Form 1012, Industrial Facilities Tax Exemption (IFT) Application

The completed original application form 1012 and all required attachments, **MUST** be filed with the clerk of the local unit of government where the facility is or will be located. Complete applications must be received by the State Tax Commission by October 31 to ensure processing and certification for the following tax year. Applications received after the October 31 deadline will be processed as expeditiously as possible.

Please note that attachments listed on the application in number 16a are to be retained by the local unit of government, and attachments listed in number 16b are to be included with the application when forwarding to the State Tax Commission (STC).

(Before commencement of a project the local unit of government must establish a district, or the applicant must request in writing a district be established, in order to qualify for an IFT abatement. Applications and attachments must be received by the local unit of government **within six months of commencement of project.**)

The following information is required on separate documents attached to form 1012 by the applicant and provided to the local unit of government (city, township or village). (Providing an accurate school district where the facility is located is vital.)

1. Legal description of the real property on which the facility is or will be located. Also provide property identification number if available.
2. Personal Property Requirements: Complete list of new machinery, equipment, furniture and fixtures which will be used in the facility. The list should include description, **beginning date of installation** or expected installation by **month/day/year**, and costs or expected costs (see sample). Detail listing of machinery and equipment **must match amount shown** on question 6b of the application. Personal property applications must have attached a certified statement/affidavit as proof of the beginning date of installation (see sample).
3. Real Property Requirements: Proof of date the construction started (groundbreaking). Applicant must include one of the following if the project has already begun; building permit, footings inspection report, or certified statement/affidavit from contractor indicating exact date of commencement.
4. Complete copy of lease agreement as executed, if applicable, verifying lessee (applicant) has direct ad

valorem real and/or personal property tax liability. The applicant must have real and/or personal property tax liability to qualify for an IFT abatement on leased property. If applying for a real property tax exemption on leased property, the lease must run the full length of time the abatement is granted by the local unit of government. Tax liability for leased property should be determined before sending to the STC.

The following information is required of the local unit of government: [Please note that only items 2, 4, 5, 6, & 7 below are forwarded to the State Tax Commission with the application, along with items 2 & 3 from above. The original is required by the STC. The remaining items are to be retained at the local unit of government for future reference. **(The local unit must verify that the school district listed on all IFT applications is correct.)**]

1. A copy of the notice to the general public and the certified notice to the property owners concerning the establishment of the district.
2. **Certified copy of the resolution establishing the Industrial Development District (IDD) or Plant Rehabilitation District (PRD), which includes a legal description of the district (see sample). If the district was not established prior to the commencement of construction, the local unit shall include a certified copy or date stamped copy of the written request to establish the district.**
3. Copy of the notice and the certified letters to the taxing authorities regarding the hearing to approve the application.
4. **Certified copy of the resolution approving the application. The resolution must include the number of years the local unit is granting the abatement and the statement “the granting of the Industrial Facilities Exemption Certificate shall not have the effect of substantially impeding the operation of (governmental unit), or impairing the financial soundness of a taxing unit which levies ad valorem property taxes in (governmental unit – see sample).**
5. **Letter of Agreement (signed by the local unit of government and the applicant per P.A. 334 of 1993 (see sample)).**
6. **Affidavit of Fees (signed by the local unit of government and the applicant), (Bulletin 3, January 16, 1998). This statement may be**

incorporated into the Letter of Agreement (see sample).

7. Treasury Form 3222 (if applicable - *Fiscal Statement for Tax Abatement Request.*)

The following information is required for rehabilitation applications in addition to the above requirements:

1. A listing of existing machinery, equipment, furniture and fixtures which will be replaced or renovated. This listing should include description, beginning date of installation or expected installation by month/day/year, and costs or expected costs.
2. A rehabilitation application must include a statement from the Assessor showing the taxable valuation of the plant rehabilitation district, separately stated for real property (EXCLUDING LAND) and personal property. Attach a statement from the assessor indicating the obsolescence of the property being rehabilitated.

The following information is required for speculative building applications in addition to the above requirements:

1. A certified copy of the resolution to establish a speculative building.
2. A statement of non-occupancy from the owner and the assessor.

Please refer to the following Web site for P.A. 198 of 1974: www.legislature.mi.gov/. For more information and Frequently Asked Questions, visit www.michigan.gov/propertytaxexemptions.

For guaranteed receipt by the State Tax Commission, it is recommended that applications and attachments are sent by certified mail.