



**CITY OF COOPERSVILLE**

**INDUSTRIAL FACILITIES TAX ABATEMENTS  
PURPOSE, HISTORY, AND RECOMMENDATIONS**

**FINAL**

**JUNE 5, 2015**

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## Executive Summary

Industrial Facilities Tax (IFT) or “abatements” suspend certain taxes on industrial or manufacturing facilities and equipment (as listed on the application) for a specific period of time. Abatements are granted by the legislative body of the city, township, or village in which the facility will be located, with oversight provided by the State.

IFTs have been successfully boosting economic development for four decades in many Michigan communities. As part of a strategic economic development plan, the use of IFT abatements can be an effective way to encourage companies to stay, invest, and expand locally. There are four primary reasons for communities to use tax abatement programs for businesses, as identified by the Anderson Economic Group:

1. Address Cost Disadvantages,
2. Revitalize Distressed Local Economies
3. Encourage Beneficial Business Activity
4. Pursue an Industrial Policy

Companies receiving Michigan Public Act 198 (PA 198) abatements continue to pay part of their existing property taxes as well as more than half of the new taxes generated from the investment. Additionally, companies are encouraged and sometimes required to retain or add new jobs, per local government regulations, which positively affects income tax collection.

The City of Coopersville began approving the first industrial districts in early 1978 and abatements in July 1979. Using specific criteria for selection and follow through, the Industrial Tax Abatement Program meets the City’s primary objective of stabilizing property taxes and expanding and diversifying the City’s tax base.

### Applying for an IFT in the City of Coopersville

There are a few steps that businesses must do in order to apply for an IFT/abatement from the City.

1. Apply for the Establishment of an Industrial District
2. Apply for the Tax Abatement
3. Administrative Review
4. Public Hearing and City Council Decision
5. Reporting Requirements

### Criteria for IFT Applications

The State has provided some general criteria further refined by the City, which Council currently uses to evaluate incoming applications. Additional criteria may be requested or required by the City Manager or Council on a per-project basis. Note that the criteria have not been amended since the inception of the program and should be reviewed and/or revised. The general criteria are:

- Promotes diversification of the City's industrial base;
- Creates five jobs for every \$100,000 invested;
- Does not impair the financial condition of the government or school taxes;
- Uses the City's water and sewer systems, but not overly burden them;
- Is environmentally sound and complements the City's planning, future land use, and environmental objectives;
- Does not overly burden the road systems or negatively impact public safety;
- That applicant is in compliance with applicable City and state codes and ordinances, including zoning; and
- That applicant meets all current financial obligations to the City.

### Transferring a Certificate and Extensions

Awarded certificates may be transferred or assigned to new owners or lessees by the Council during a public hearing and the approval of the State of Michigan Tax Commission. Extensions to complete construction may also be granted by Council.

### Increase in Scope or Amending an IFT

Awarded certificates may be amended or increased in scope if there is an increase in cost or components, or both, through re-application. Increases in scope which fall below 10% of the original awarded amount do not need to be approved by Council. All amendments must be approved by Council.

### Dissolution of an IFT

A company has two years to apply for the project tax abatement after the district is established. If they do not apply for the IFT abatement within two calendar years from the establishment of the District or if the State Tax Commission revokes the Certificate, Council may abolish the District through a Public Hearing.

Should a company not finish a proposed facility or the replacement, restoration, construction, or operation of the facility is not fulfilled within two years of the certificate award and the business has not filed for an extension, Council may consider a resolution to recommend revocation of the IFT Certificate to the State Tax Commission.

Moving the business out of the jurisdiction of the City can also trigger a dissolution or revocation.

Revocation of an IFT Certificate, regardless of the reason, may also trigger tax penalties from the State, which could include paying back the abated tax revenues.

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## What is the Industrial Facilities Tax (IFT) Abatement?

Throughout the 1960s, investment in industrial facilities was in decline across Michigan. Some feared that too-high property taxes caused companies to stop investing in aging factories. Companies were moving out of the state. Foreign market competition was on the rise. Specifically, the Chrysler Corporation threatened to discontinue the needed restorations on their Eastside Detroit stamping plant and build new elsewhere unless some tax relief was provided. State and local officials rushed to pass an industrial property tax abatement law in order to reduce further economic hemorrhaging from the state.

Under Michigan Public Act 198 of 1974 (see Appendix A), also known as the Plant Rehabilitation and Industrial Development Districts Act, billions of dollars have been invested in the development or rehabilitation of industrial plants across the state, and hundreds of thousands of jobs have been retained and created over the last forty years. Now commonly known as the Industrial Facilities Tax (IFT) Abatement Program, IFTs suspend certain taxes on facilities and equipment (as listed on the application) for a duration of time. Abatements are granted by the legislative body of the city, township, or village in which the facility will be located, with oversight provided by the State.



There are two primary requirements that the State lists as guidelines for IFT abatements: 1) the property must be physically located in the municipality in which it applies; and 2) it should maintain and/or create jobs. Companies who are located outside of the state may receive IFT abatements as long as the facility for which they are applying is located in Michigan. It is up to each municipality to create the specific criteria, based on the Act as amended, for IFT applications (see Appendix D: *City of Coopersville Tax Abatement Program*).

Initially, the IFT Abatement Program only covered the real property and personal property of industrial and manufacturing facilities, whether owned or leased. Under Michigan PA 198, **real property** is defined as: “land improvements, buildings, structures, and other real property.”<sup>1</sup> **Personal property** is defined as “machinery, equipment, furniture, and fixtures, or any part or accessory whether completed or in the process of a construction comprising an integrated

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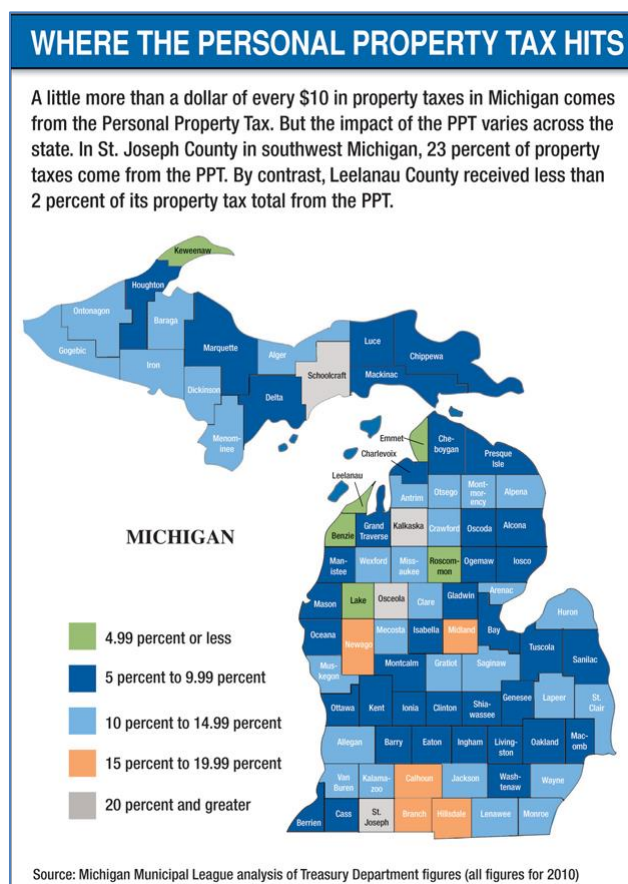
<sup>1</sup> See Appendix A: *Michigan Public Act 198 of 1974, as Amended and FAQ*.

whole.”<sup>2</sup> The abatements do not cover land, public and government-owned utilities, and inventory.

Amendments to the Act over the years have generally increased the coverage and flexibility of the property tax exemptions permitted.<sup>3</sup> “**Industrial property**”<sup>4</sup> now can include high tech and research industries, banks, theme and recreation parks of a certain size, large convention trade centers, and privately-owned electric generating plants.

The properties which qualify don’t have to be in existence. Companies can apply for abatements for new and speculative facilities and equipment, however there are restrictions on the window of time to complete the construction or installation. Companies can apply for limited extensions. Replacement or restoration of obsolete properties for manufacturing, retail, rental housing, and office buildings have received special attention through additional amendments and complementary Public Acts.<sup>5</sup>

In 2014, the State of Michigan passed legislation which gradually rolls back the industrial Personal Property Taxes (PPT) over \$80,000, starting in 2016 and fully exempted by 2023.<sup>6</sup> Legislation was put in place to help local governments regain their lost revenues: special “essential services” assessments are new taxes which may be locally implemented, collected by the State and redistributed to the local taxing jurisdictions. Also, the State will also reimburse the lost revenues of local governments by reallocating Michigan use tax revenues. Neighboring states have already repealed PPTs for businesses, which has unfortunately encouraged many facilities to relocate out of state. The new filing requirements are said to be more simple, thereby making Michigan more competitive in attracting and retaining manufacturers.



<sup>2</sup> See Appendix A: *Michigan Public Act 198 of 1974, as Amended* and *FAQ*.

<sup>3</sup> Amendments include Public Act 146: Obsolete Property Rehabilitation Act (2000), Public Act 210: Commercial Rehabilitation Tax Abatement (2005), and Public Act 328: New Personal Property (1998).

<sup>4</sup> The defined term PA 198 uses to describe both real and personal property.

<sup>5</sup> See Public Act 146: Obsolete Property Rehabilitation Act (2000), Public Act 210: Commercial Rehabilitation Tax Abatement (2005), and Public Act 328: New Personal Property (1998).

<sup>6</sup> See Yeo and Yeo CPA article: “The Repeal of Michigan Personal Property Tax,” Gary L. Riedlinger, CPA, PFS; July 30, 2014 revised January 8, 2015; obtained from [www.yeoandyeo.com/news](http://www.yeoandyeo.com/news).



## IFT Abatements as Economic Development Tools

PA 198 has been successfully boosting economic development for four decades in many Michigan communities. As part of a strategic economic development plan, the use of IFT abatements can be an effective way to encourage companies to stay, invest, and expand locally.

There are four primary reasons for communities to use tax abatement programs for businesses, as identified by the Anderson Economic Group (see Appendix F):

1. **Address Cost Disadvantages**, specifically in order to keep industries in the state.
2. **Revitalize Distressed Local Economies**, focusing on a geographic region instead of an industry type.
3. **Encourage Beneficial Business Activity**, especially those which produce positive “spillover” effects, such as additional income tax and service job expansion due to created local jobs.
4. **Pursue an Industrial Policy**, which is both popular and encourages the tradition of manufacturing and technology in the State.

From 1984 to 2006, over 16,500 projects in Michigan received an IFT abatement, amounting to over \$76 billion in taxable value of property abated. The Michigan Senate Fiscal Agency reported that 1.3 million jobs were retained, 500,000 jobs were created, and \$81 billion invested in that same time period.<sup>7</sup> Overall, the number of IFT Certificates issued across the state has been diminishing, but the total dollar amounts invested in the communities have been maintaining or increasing. In 2010, there were 34 Certificates issued by the State Tax Commission to manufacturing firms who collectively proposed to invest approximately \$82.4 million in new buildings and improvements, and nearly 400 new jobs created.<sup>8</sup>



Unlike **renaissance zones**<sup>9</sup>, companies receiving PA 198 abatement continue to pay part of their existing property taxes as well as more than half of the new taxes generated from the investment. Additionally, companies are encouraged and sometimes required to retain or add

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<sup>7</sup> Publication: “Michigan Tax Incentives,” Anderson Economic Group (2009).

<sup>8</sup> Michigan Senate Fiscal Agency, 2010 Tax Report.

<sup>9</sup> Renaissance Zone: A specially designated development district or project which suspends virtually all state and local taxes for any business or resident for 15 years.

new jobs, per local government regulations, which positively affects income tax collection. A 2007 Land Policy Institute report suggests that in Michigan, “almost nine out of ten manufacturing jobs were associated with the granting of tax abatements” from inception through 2002 (See *Appendix E*).

The City of Coopersville began approving the first industrial districts in early 1978 and abatements in July 1979 (See *Appendix B: IFT Abatement History in Council Minutes*). Using specific criteria for selection and follow through, the Industrial Tax Abatement Program meets the City’s primary objective of stabilizing property taxes and expanding and diversifying the City’s tax base. With the help of the IFT program, the City has been able to attract companies such as Continental Dairy and fairlife to establish facilities here and also encourage existing companies, like Central Michigan Hardwoods, to continue to invest.

The City of Coopersville recently experienced the necessity to use an IFT as it was intended. A number of years ago, Central Michigan Hardwoods (CMH) inquired which incentives the City would offer if they expanded their facility in Coopersville. They asked because they also had an operation in Missouri that required expansion as well. They studied which location made the best financial sense for their company and future production investment. The local government in Missouri offered the following incentives:

- a. Free land
- b. Free site preparation for their expansion
- c. Zero taxes for a specified period of time
- d. Cash in the six figures to help offset construction and/or personal property costs

As one can clearly see, the City of Coopersville was not able to match the incentives in whole or in part. CMH

ultimately decided to split their investment between the two locations as they found value in the Coopersville operation. They applied and received an IFT for additional expansion. The lesson was learned by many that the IFT abatement did provide an economic development tool, though limited, to compete outside of the state.



## The Process of an IFT Certification

### Applying for an IFT in the City of Coopersville

There are a few steps that businesses must do in order to apply for an IFT abatement from the City. Figure 1 shows the process.

#### 1. Apply for the Establishment of an Industrial District

First, qualifying property owners must apply for an establishment of an industrial development district<sup>10</sup> via a public hearing and Council approval. The request must be submitted before construction begins. A business may have multiple and overlapping districts in order to support multiple IFT Certificates, but the preference is to have one district which supports multiple IFT Certificates. See Appendix E for a list of current City of Coopersville IFT Districts.

#### 2. Apply for the Tax Abatement

If the district creation is approved by Council, then the company must fill out an application which details project scope and how it will meet the City's IFT Abatement criteria (see Appendix D for more specific information). The IFT application and \$750 fee must be submitted to City Hall no later than six (6) months after the start of construction. City Staff prefers applications are submitted prior to the beginning of construction. See Appendix F for a copy of the City's IFT application.

#### 3. Administrative Review

City Staff will process the application and research the viability of the abatement and its impact on the City. If the abatement is found favorable concerning costs and benefits, land use, property tax and environmental impact, and the application in order, the City Clerk sets a Public Hearing.

#### 4. Public Hearing and City Council Decision

Per the City's IFT guidelines, notice of a Public Hearing is posted, notifications are sent to taxing jurisdictions, and the application (with supporting documentation) is shared with Council in order to approve or deny the abatement application.

Should Council agree that the company has met all criteria, it decides the length of the project's abatement (up to 12 years for real and 6 years for personal). A recommendation for funding is submitted to the State of Michigan Tax Commission, who provides oversight. The State Tax Commission will provide a certificate and appropriate documentation to the business and the City.

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<sup>10</sup> IFT District: Defined as a specially qualified zone where the construction or installation of equipment will be located. One district is created per IFT application. Companies may have multiple industrial development or plant rehabilitation districts simultaneously for the same property.

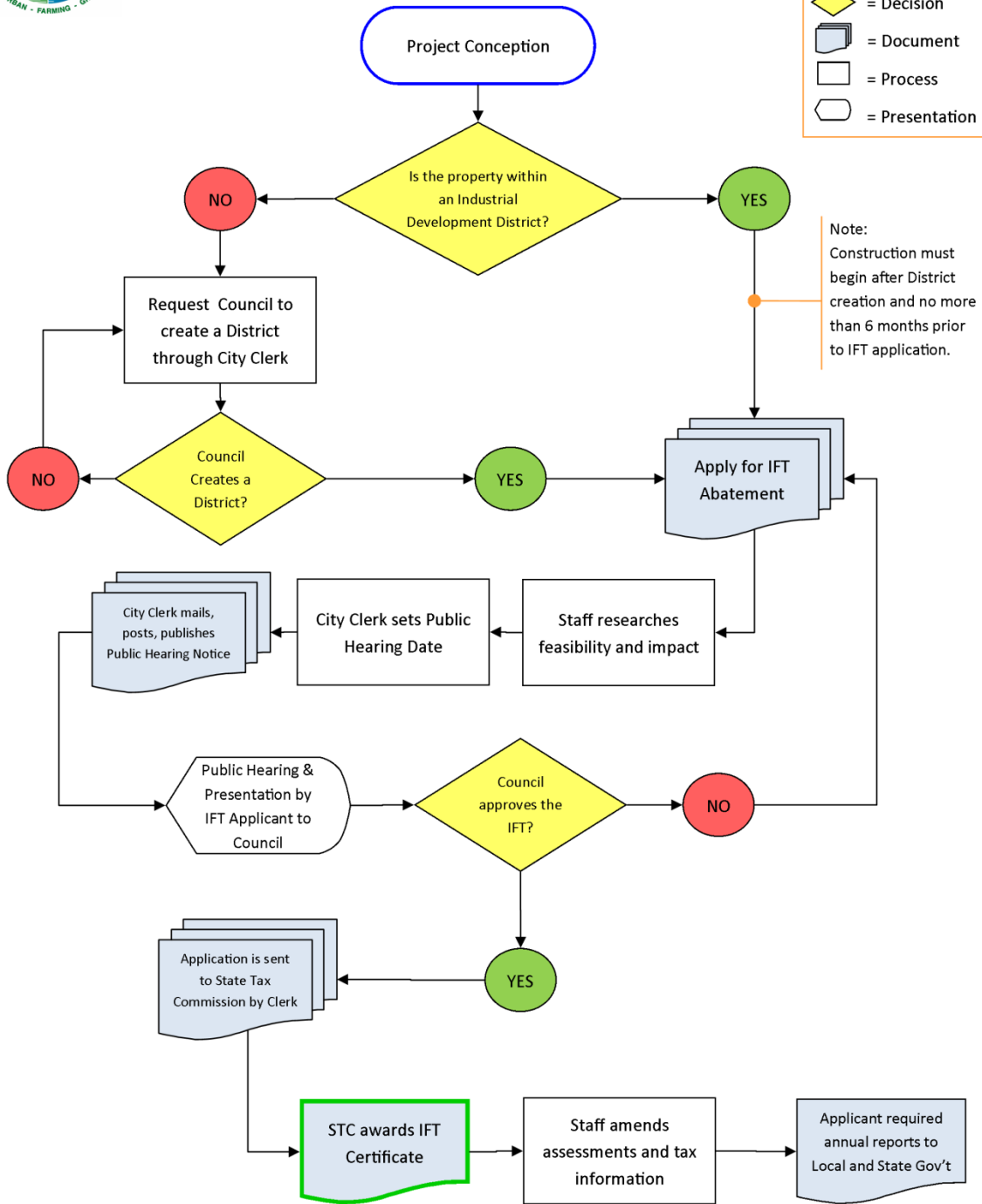
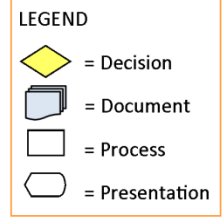
## **5. Reporting Requirements**

Each company must report annually to City Council and the State of Michigan on the status of the project, including number of jobs created, construction progress, and impact to the City or private water and sewer systems. Should a business be lax in reporting, the State of Michigan Tax Commission may opt to revoke the IFT Certificate and the business may be held liable for tax penalties.

Note that City Staff prefers applications to be submitted prior to October 1 in order to meet the State's October 31 deadline. Locally awarded certificates must be filed with the State Tax Commission in order for the State to act on abatement by December 31 of that year. The starting date of an IFT Certificate is the date issued by the State Tax Commission, not when it was awarded by Council.



## City of Coopersville Industrial Facilities Tax Abatement Process



## Criteria for IFT Applications

The State has provided some general criteria (See Appendix A, *Michigan Public Act 198*) further refined by the City, which Council currently uses to evaluate incoming applications. (The full list of City-established criteria is included in Appendix D.) Additional criteria may be requested or required by the City Manager or Council on a per-project basis. Note that the criteria have not been amended since the inception of the program and should be reviewed by Council (see *Recommendations*). The general criteria are:

- Promotes diversification of the City's industrial base;
- Creates five jobs for every \$100,000 invested;
- Does not impair the financial condition of the government or school taxes;
- Uses the City's water and sewer systems, but not overly burden them;
- Is environmentally sound and complements the City's planning, future land use, and environmental objectives;
- Does not overly burden the road systems or negatively impact public safety;
- That applicant is in compliance with applicable City and state codes and ordinances, including zoning; and
- That applicant meets all current financial obligations to the City.



## Transferring a Certificate and Extensions

Awarded certificates may be transferred or assigned to new owners or lessees by the Council during a public hearing and the approval of the State of Michigan Tax Commission. Companies may also apply for a two year extension to complete the facility or remodel, not later than 6 months of the end date.

## Increase in Project Scope vs. Amendments

After an IFT abatement has been awarded, a business may choose to apply for an *increase of scope* if the dollar amount has changed but not the component quantities on the application. Businesses must apply for an *amendment* if the component amount listed on the application has changed. For example, an original application listed 10 computers at a



total cost of \$10,000 but it turns out the 10 computers cost \$15,000, this would be an *increase of scope*. If the original application listed 10 computers at a total cost of \$10,000, and instead 20 computers were purchased at \$20,000, this would be an *amendment*.

If an *increase of scope* falls below 10% of the original approved amount, it is not necessary for Council to approve the new amount. However, if an *increase of scope* exceeds 10% of the original approved amount, approval must be granted by Council and the State Tax Commission. All *amendments* must be approved by Council and the State Tax Commission.

Note that increases in scope, or amendments to an existing Certificate does not alter the date of award. Construction must still be completed two years from the award date unless an extension is filed.

## **Dissolution of an IFT**

If City Council has created an Industrial Development/Plant Rehabilitation District on behalf of the company, they have two years to apply for the project tax abatement. If they do not apply for the IFT abatement within two calendar years from the establishment of the District or if the State Tax Commission revokes the Certificate, Council may abolish the District through a Public Hearing.

Additionally, a business has two years from IFT award to finish a proposed facility or the replacement, restoration, construction, or operation of the facility. If construction is not fulfilled and the business has not filed for an extension, the Council may consider a resolution to recommend revocation of the IFT Certificate to the State Tax Commission. Failure to comply with the required annual reporting can also trigger a recommendation to revoke the Certificate.

Moving the business out of the jurisdiction of the City can also trigger a dissolution or revocation. Revocation of an IFT Certificate, regardless of the reason, may also trigger tax penalties from the State, which could include paying back the abated tax revenues.

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## 2013 Municipality Industrial Facilities Tax Survey

In 2013, City Staff conducted a survey of 14 local municipalities asking the following questions:

- What is the maximum number of years you allow for an IFT, for both real and personal property?
- What is your fee structure for processing an IFT?
- Do you have any guidelines for the application and the abatement?
- Are there specific criteria that your elected officials review before they take action on an IFT, such as the amount of investment, job creation, number of years the business has been in the community?

All of the respondents mentioned that approvals of the IFT Certificates are evaluated on a case-by-case basis and only if they meet specified criteria (if applicable). The majority of municipalities generally awards the maximum number of years, but indicated that it was not automatic or applied in every case.

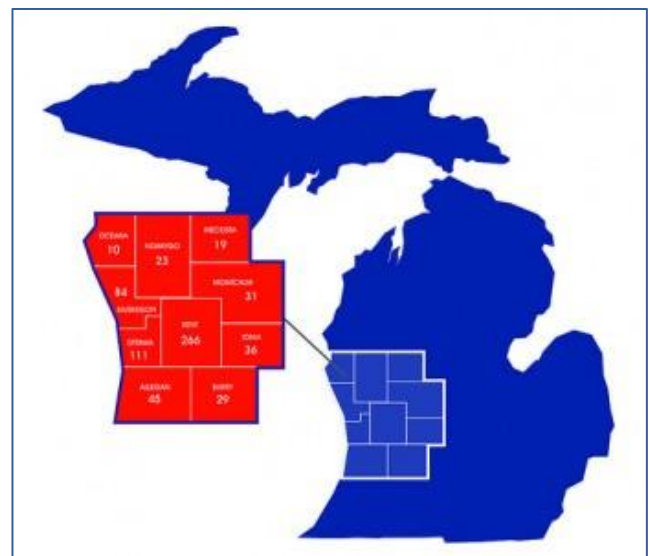
The summary results are:

- Number of years granted for Real Property:
  - 12 respondents allow maximum 12 years as the State recommends;
  - 1 gives up to 15 years;
  - 1 gives 6 years with possibility for an additional 6 years;
  - **Coopersville allows a maximum of 12 years.**
- Number of years granted for Personal Property:
  - 10 respondents allow maximum 12 years as the State recommends;
  - 1 gives up to 15 years;
  - 1 municipalities allows generally 8 years;
  - 2 allows 6 years;
  - **Coopersville allows a maximum of 6 years but has granted up to 12 years.**
- Fee structure:
  - 8 respondents charge a flat fee, ranging from \$200 to \$1,300;
  - City of Walker charges a sliding fee based on cost of project, ranging from \$300 to \$1,300;
  - City of Grand Rapids and City of Muskegon charge no more than 2% of expected savings over the life of the IFT;
  - Village of Sparta charges only for postage for public hearing notifications and mailings;
  - 2 cities did not respond;
  - **Coopersville charges a flat \$750 fee.**
- Guidelines for application and abatement:
  - 3 municipalities do not have specific guidelines other than what is provided by the State;
  - 4 have a special committee which is dedicated to investigating and making recommendations to their respective Councils;

- 7 have specific criteria which have been approved by their governing bodies, with a variety of vague to specific qualifications. These are available to our Council for review.
- **Coopersville has qualifications which are loosely based on the State. See Appendix D for specific criteria.**
- Criteria reviewed by elected officials:
  - 6 municipalities require specific reporting to the Council including minimum job creation, land use, amount of investment, and how it may affect the community directly or indirectly.
  - 3 use a point or scoring system to determine adoption of IFT;
  - 4 have no formal reviewing criteria in place;
  - 2 cities did not respond;
  - **Coopersville has specific reporting criteria which is reviewed by elected officials, but no investment dollar or job creation minimums.**

The full survey results are included a table as Appendix B.

Of special note, in late 2013, the City of Norton Shores revised their tax break policy by eliminating a provision in which firms cannot appeal the assessment of a denied or revoked abatement. Additionally, they adopted a claw back provision in which companies that leave the city or whose IFT Certificates are revoked must pay back an amount equal to their remaining abatement. The purpose of these revisions is to hold businesses more accountable for their employment projections on their IFT applications.



Many of the municipalities offered copies of their existing guidelines and resolutions. If you would like a copy of any of the sample policies for your review, please contact Anisa Williams at City Hall: 616-997-2117 or [assistant@cityofcoopersville.com](mailto:assistant@cityofcoopersville.com).

## Recommendations from Staff on Policy Revisions

There are currently 11 Real property and 17 Personal Property IFT Abatements active for 16 Coopersville businesses. While the process of approval has not changed, the types of businesses which are eligible to receive tax abatement have broadened and the reform in Personal Property Tax has altered the IFT landscape. That stated, the staff believes a simple guideline that still weights heavy on job creation and total dollar investment is best. An example of that simplicity is as follows:

### STANDARD EXEMPTION:

Real Property: 9 years  
Investment up \$1,000,000

### EMPLOYMENT/INVESTMENT BONUS:

- |                     |         |    |             |         |
|---------------------|---------|----|-------------|---------|
| • 1-5 Jobs Created  | 1 Year  | OR | \$2,000,000 | 1 Year  |
| • 6-10 Jobs Created | 2 Years | OR | \$4,000,000 | 2 Years |
| • 10 + Jobs Created | 3 Years | OR | \$7,000,000 | 3 Years |

Also of note: no official resolution was adopted (at least that staff can discover) for the purpose of approving IFT applications. There is also nothing in any minutes where the State policy was brought up. The first mention of Industrial District creation for PA 198 was May of 1978, but the first approved IFT application was 1979 to the Delphi organization.

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## Appendix A: Michigan Public Act 198, as Amended and FAQ

The full Michigan Public Act 198, as Amended follows (19 pages) and the Frequently Asked Questions (18 pages).

There are several Michigan Public Acts which directly affect or amend Public Act 198 and can be accessed via the Search tool at [www.legislature.mi.gov](http://www.legislature.mi.gov).

- Public Act 146: Obsolete Property Rehabilitation Act (2000)
- Public Act 210: Commercial Rehabilitation Tax Abatement (2005)
- Public Act 328: New Personal Property (1998)

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**PLANT REHABILITATION AND INDUSTRIAL DEVELOPMENT DISTRICTS**  
**Act 198 of 1974**

AN ACT to provide for the establishment of plant rehabilitation districts and industrial development districts in local governmental units; to provide for the exemption from certain taxes; to levy and collect a specific tax upon the owners of certain facilities; to impose and provide for the disposition of an administrative fee; to provide for the disposition of the tax; to provide for the obtaining and transferring of an exemption certificate and to prescribe the contents of those certificates; to prescribe the powers and duties of the state tax commission and certain officers of local governmental units; and to provide penalties.

**History:** 1974, Act 198, Imd. Eff. July 9, 1974;—Am. 2001, Act 157, Imd. Eff. Nov. 6, 2001.

**Popular name:** Act 198

*The People of the State of Michigan enact:*

**207.551 Meanings of certain words and phrases.**

Sec. 1. The words and phrases defined in sections 2 and 3 have the meanings respectively ascribed to them for the purposes of this act.

**History:** 1974, Act 198, Imd. Eff. July 9, 1974.

**Compiler's note:** For transfer of powers and duties of department of commerce under Act 198 of 1974 to the chief executive officer of the Michigan jobs commission, see E.R.O. No. 1994-8, compiled at MCL 408.47 of the Michigan Compiled Laws.

**Popular name:** Act 198

**207.552 Definitions.**

Sec. 2. (1) "Commission" means the state tax commission created by 1927 PA 360, MCL 209.101 to 209.107.

(2) "Facility" means either a replacement facility, a new facility, or, if applicable by its usage, a speculative building.

(3) "Next Michigan development corporation" means that term as defined in section 3 of the next Michigan development act, 2010 PA 275, MCL 125.2953.

(4) "Replacement facility" means 1 of the following:

(a) In the case of a replacement or restoration that occurs on the same or contiguous land as that which is replaced or restored, industrial property that is or is to be acquired, constructed, altered, or installed for the purpose of replacement or restoration of obsolete industrial property together with any part of the old altered property that remains for use as industrial property after the replacement, restoration, or alteration.

(b) In the case of construction on vacant noncontiguous land, property that is or will be used as industrial property that is or is to be acquired, constructed, transferred, or installed for the purpose of being substituted for obsolete industrial property if the obsolete industrial property is situated in a plant rehabilitation district in the same city, village, or township as the land on which the facility is or is to be constructed and includes the obsolete industrial property itself until the time as the substituted facility is completed.

(5) "New facility" means new industrial property other than a replacement facility to be built in a plant rehabilitation district or industrial development district.

(6) "Local governmental unit" means a city, village, township, or next Michigan development corporation located in this state. For purposes of this act, if a next Michigan development corporation establishes a plant rehabilitation district or an industrial development district, the next Michigan development corporation shall act as the local governmental unit in establishing and operating the plant rehabilitation district or the industrial development district.

(7) "Industrial property" means land improvements, buildings, structures, and other real property, and machinery, equipment, furniture, and fixtures or any part or accessory whether completed or in the process of construction comprising an integrated whole, the primary purpose and use of which is the engaging in a high-technology activity, operation of a strategic response center, operation of a motorsports entertainment complex, operation of a logistical optimization center, operation of qualified commercial activity, operation of a major distribution and logistics facility, the manufacture of goods or materials, creation or synthesis of biodiesel fuel, or the processing of goods and materials by physical or chemical change; property acquired, constructed, altered, or installed due to the passage of proposal A in 1976; the operation of a hydro-electric dam by a private company other than a public utility; or agricultural processing facilities. Industrial property includes facilities related to a manufacturing operation under the same ownership, including, but not limited to, office, engineering, research and development, warehousing, or parts distribution facilities. Industrial property also includes research and development laboratories of companies other than those companies that

manufacture the products developed from their research activities and research development laboratories of a manufacturing company that are unrelated to the products of the company. For applications approved by the legislative body of a local governmental unit between June 30, 1999 and December 31, 2007, industrial property also includes an electric generating plant that is not owned by a local unit of government, including, but not limited to, an electric generating plant fueled by biomass. For an industrial development district created before July 1, 2010, industrial property also includes an electric generating plant that is fueled by biomass that is not owned by a unit of local government if the electric generating plant involves the reuse of a federal superfund site remediated by the United States environmental protection agency and an independent study has concluded that the electric generating plant would not have an adverse effect on wood supply of the area from which the wood supply of the electric generating plant would be derived. An electric generating plant described in the preceding sentence is presumed not to have an adverse impact on the wood supply of the area from which the wood supply of the electric generating plant would be derived if the company has a study funded by the United States department of energy and managed by the department of energy, labor, and economic growth that concludes that the electric generating plant will consume not more than 7.5% of the annual wood growth within a 60-mile radius of the electric generating plant. Industrial property also includes convention and trade centers in which construction begins not later than December 31, 2010 and is over 250,000 square feet in size or, if located in a county with a population of more than 750,000 and less than 1,100,000, is over 100,000 square feet in size or, if located in a county with a population of more than 26,000 and less than 28,000, is over 30,000 square feet in size. Industrial property also includes a federal reserve bank operating under 12 USC 341, located in a city with a population of 600,000 or more. Industrial property may be owned or leased. However, in the case of leased property, the lessee is liable for payment of ad valorem property taxes and shall furnish proof of that liability. For purposes of a local governmental unit that is a next Michigan development corporation, industrial property includes only property used in the operation of an eligible next Michigan business, as that term is defined in section 3 of the Michigan economic growth authority act, 1995 PA 24, MCL 207.803. Industrial property does not include any of the following:

(a) Land.

(b) Property of a public utility other than an electric generating plant that is not owned by a local unit of government as provided in this subsection.

(c) Inventory.

(8) "Obsolete industrial property" means industrial property the condition of which is substantially less than an economically efficient functional condition.

(9) "Economically efficient functional condition" means a state or condition of property the desirability and usefulness of which is not impaired due to changes in design, construction, technology, or improved production processes, or from external influencing factors that make the property less desirable and valuable for continued use.

(10) "Research and development laboratories" means building and structures, including the machinery, equipment, furniture, and fixtures located in the building or structure, used or to be used for research or experimental purposes that would be considered qualified research as that term is used in section 41 of the internal revenue code, 26 USC 41, except that qualified research also includes qualified research funded by grant, contract, or otherwise by another person or governmental entity.

(11) "Manufacture of goods or materials" or "processing of goods or materials" means any type of operation that would be conducted by an entity included in the classifications provided by sector 31-33 — manufacturing, of the North American industry classification system, United States, 1997, published by the office of management and budget, regardless of whether the entity conducting that operation is included in that manual.

(12) "High-technology activity" means that term as defined in section 3 of the Michigan economic growth authority act, 1995 PA 24, MCL 207.803.

(13) "Logistical optimization center" means a sorting and distribution center that optimizes transportation and uses just-in-time inventory management and material handling.

(14) "Commercial property" means that term as defined in section 2 of the obsolete property rehabilitation act, 2000 PA 146, MCL 125.2782.

(15) "Qualified commercial activity" means commercial property that meets all of the following:

(a) At least 90% of the property, excluding the surrounding green space, is used for warehousing, distribution, or logistic purposes and is located in a county that borders another state or Canada or for a communications center.

(b) Occupies a building or structure that is greater than 100,000 square feet in size.

(16) "Motorsports entertainment complex" means a closed-course motorsports facility, and its ancillary grounds and facilities, that satisfies all of the following:



- (a) Has at least 70,000 fixed seats for race patrons.
  - (b) Has at least 6 scheduled days of motorsports events each calendar year, at least 2 of which shall be comparable to nascar nextel cup events held in 2007 or their successor events.
  - (c) Serves food and beverages at the facility during sanctioned events each calendar year through concession outlets, a majority of which are staffed by individuals who represent or are members of 1 or more nonprofit civic or charitable organizations that directly financially benefit from the concession outlets' sales.
  - (d) Engages in tourism promotion.
  - (e) Has permanent exhibitions of motorsports history, events, or vehicles.
- (17) "Major distribution and logistics facility" means a proposed distribution center that meets all of the following:

- (a) Contains at least 250,000 square feet.
- (b) Has or will have an assessed value of \$5,000,000.00 or more for the real property.
- (c) Is located within 35 miles of the border of this state.
- (d) Has as its purpose the distribution of inventory and materials to facilities owned by the taxpayer whose primary business is the retail sale of sporting goods and related inventory.

**History:** 1974, Act 198, Imd. Eff. July 9, 1974;—Am. 1975, Act 302, Imd. Eff. Dec. 19, 1975;—Am. 1976, Act 224, Imd. Eff. July 30, 1976;—Am. 1978, Act 37, Imd. Eff. Feb. 24, 1978;—Am. 1981, Act 211, Imd. Eff. Dec. 30, 1981;—Am. 1982, Act 417, Imd. Eff. Dec. 28, 1982;—Am. 1986, Act 66, Imd. Eff. Apr. 1, 1986;—Am. 1999, Act 140, Imd. Eff. Oct. 18, 1999;—Am. 2000, Act 247, Imd. Eff. June 29, 2000;—Am. 2002, Act 280, Imd. Eff. May 9, 2002;—Am. 2003, Act 5, Imd. Eff. Apr. 24, 2003;—Am. 2005, Act 118, Imd. Eff. Sept. 22, 2005;—Am. 2005, Act 267, Imd. Eff. Dec. 16, 2005;—Am. 2007, Act 12, Imd. Eff. May 29, 2007;—Am. 2007, Act 146, Imd. Eff. Dec. 10, 2007;—Am. 2008, Act 170, Imd. Eff. July 2, 2008;—Am. 2008, Act 457, Imd. Eff. Jan. 9, 2009;—Am. 2008, Act 581, Imd. Eff. Jan. 16, 2009;—Am. 2009, Act 209, Imd. Eff. Jan. 4, 2010;—Am. 2010, Act 273, Imd. Eff. Dec. 15, 2010;—Am. 2011, Act 154, Imd. Eff. Sept. 27, 2011.

**Compiler's note:** For transfer of powers and duties of department of commerce under Act 198 of 1974 to the chief executive officer of the Michigan jobs commission, see E.R.O. No. 1994-8, compiled at MCL 408.47 of the Michigan Compiled Laws.

**Popular name:** Act 198

### **207.553 Additional definitions.**

Sec. 3. (1) "Plant rehabilitation district" means an area of a local governmental unit established as provided in section 4.

(2) "Industrial development district" means an area established by a local governmental unit as provided in section 4.

(3) "Industrial facility tax" means the specific tax levied under this act.

(4) "Industrial facilities exemption certificate" means a certificate issued pursuant to sections 5, 6, and 7.

(5) "Replacement" means the complete or partial demolition of obsolete industrial property and the complete or partial reconstruction or installation of new property of similar utility.

(6) "Restoration" means changes to obsolete industrial property other than replacement as may be required to restore the property, together with all appurtenances to the property, to an economically efficient functional condition. Restoration does not include delayed maintenance or the substitution or addition of tangible personal property without major renovation of the industrial property. A program involving expenditures for changes to the industrial property improvements aggregating less than 10% of the true cash value at commencement of the restoration of the industrial property improvements is delayed maintenance. Restoration includes major renovation including but not necessarily limited to the improvement of floor loads, correction of deficient or excessive height, new or improved building equipment, including heating, ventilation, and lighting, reducing multistory facilities to 1 or 2 stories, improved structural support including foundations, improved roof structure and cover, floor replacement, improved wall placement, improved exterior and interior appearance of buildings, improvements or modifications of machinery and equipment to improve efficiency, decrease operating costs, or to increase productive capacity, and other physical changes as may be required to restore the industrial property to an economically efficient functional condition, and shall include land and building improvements and other tangible personal property incident to the improvements.

(7) "State equalized valuation" means the valuation determined under 1911 PA 44, MCL 209.1 to 209.8.

(8) "Speculative building" means a building that meets 1 of the following criteria and the machinery, equipment, furniture, and fixtures located in the building:

(a) A new building that meets all of the following:

(i) The building is owned by, or approved as a speculative building by resolution of, a local governmental unit in which the building is located or the building is owned by a development organization and located in the district of the development organization.

(ii) The building is constructed for the purpose of providing a manufacturing facility before the

identification of a specific user of that building.

(iii) The building does not qualify as a replacement facility.

(b) The building is an existing building on an improved parcel of industrial property used for the manufacturing of goods or materials or processing of goods or materials. Not more than 1 building shall be awarded an industrial facilities exemption certificate under this subdivision. A building that complies with this subdivision shall be presumed to have been constructed within 9 years of the filing of the application for an industrial facilities exemption certificate and shall comply with the following:

(i) Has been unoccupied for at least 4 years immediately preceding the date the certificate is issued.

(ii) Is in an industrial development district created before January 1, 2011.

(iii) Is located in a county with a population of more than 22,000 and less than 24,500 containing a city with a population of more than 3,600 according to the last decennial census.

(9) "Development organization" means any economic development corporation, downtown development authority, tax increment financing authority, or an organization under the supervision of and created for economic development purposes by a local governmental unit.

(10) "Manufacturing facility" means buildings and structures, including the machinery, equipment, furniture, and fixtures located therein, the primary purpose of which is 1 or more of the following:

(a) The manufacture of goods or materials or the processing of goods and materials by physical or chemical change.

(b) The provision of research and development laboratories of companies whether or not the company manufactures the products developed from their research activities.

(11) "Taxable value" means that value determined under section 27a of the general property tax act, 1893 PA 206, MCL 211.27a.

(12) "Strategic response center" means a facility that provides catastrophe response solutions through the development and staffing of a national response center for which a plant rehabilitation district or an industrial development district was created before December 31, 2007.

**History:** 1974, Act 198, Imd. Eff. July 9, 1974;—Am. 1975, Act 247, Imd. Eff. Sept. 4, 1975;—Am. 1982, Act 417, Imd. Eff. Dec. 28, 1982;—Am. 1996, Act 1, Imd. Eff. Jan. 30, 1996;—Am. 2007, Act 13, Imd. Eff. May 29, 2007;—Am. 2010, Act 122, Imd. Eff. July 19, 2010.

**Compiler's note:** For transfer of powers and duties of department of commerce under Act 198 of 1974 to the chief executive officer of the Michigan jobs commission, see E.R.O. No. 1994-8, compiled at MCL 408.47 of the Michigan Compiled Laws.

**Popular name:** Act 198

**207.554 Plant rehabilitation district or industrial development district; establishment; number of parcels; filing; notice; hearing; finding and determination; district established by township; industrial property as part of industrial development district or plant rehabilitation district also part of tax increment district; termination; notice.**

Sec. 4. (1) A local governmental unit, by resolution of its legislative body, may establish plant rehabilitation districts and industrial development districts that consist of 1 or more parcels or tracts of land or a portion of a parcel or tract of land.

(2) The legislative body of a local governmental unit may establish a plant rehabilitation district or an industrial development district on its own initiative or upon a written request filed by the owner or owners of 75% of the state equalized value of the industrial property located within a proposed plant rehabilitation district or industrial development district. This request shall be filed with the clerk of the local governmental unit.

(3) Except as provided in section 9(2)(h), after December 31, 1983, a request for the establishment of a proposed plant rehabilitation district or industrial development district shall be filed only in connection with a proposed replacement facility or new facility, the construction, acquisition, alteration, or installation of or for which has not commenced at the time of the filing of the request. The legislative body of a local governmental unit shall not establish a plant rehabilitation district or an industrial development district pursuant to subsection (2) if it finds that the request for the district was filed after the commencement of construction, alteration, or installation of, or of an acquisition related to, the proposed replacement facility or new facility. This subsection shall not apply to a speculative building.

(4) Before adopting a resolution establishing a plant rehabilitation district or industrial development district, the legislative body shall give written notice by certified mail to the owners of all real property within the proposed plant rehabilitation district or industrial development district and shall hold a public hearing on the establishment of the plant rehabilitation district or industrial development district at which those owners and other residents or taxpayers of the local governmental unit shall have a right to appear and be heard.

(5) The legislative body of the local governmental unit, in its resolution establishing a plant rehabilitation

district, shall set forth a finding and determination that property comprising not less than 50% of the state equalized valuation of the industrial property within the district is obsolete.

(6) A plant rehabilitation district or industrial development district established by a township shall be only within the unincorporated territory of the township and shall not be within a village.

(7) Industrial property that is part of an industrial development district or a plant rehabilitation district may also be part of a tax increment district established under the tax increment finance authority act, 1980 PA 450, MCL 125.1801 to 125.1830.

(8) A local governmental unit, by resolution of its legislative body, may terminate a plant rehabilitation district or an industrial development district, if there are no industrial facilities exemption certificates in effect in the plant rehabilitation district or the industrial development district on the date of the resolution to terminate.

(9) Before acting on a proposed resolution terminating a plant rehabilitation district or an industrial development district, the local governmental unit shall give at least 14 days' written notice by certified mail to the owners of all real property within the plant rehabilitation district or industrial development district as determined by the tax records in the office of the assessor or the treasurer of the local tax collecting unit in which the property is located and shall hold a public hearing on the termination of the plant rehabilitation district or industrial development district at which those owners and other residents or taxpayers of the local governmental unit, or others, shall have a right to appear and be heard.

**History:** 1974, Act 198, Imd. Eff. July 9, 1974;—Am. 1980, Act 449, Imd. Eff. Jan. 15, 1981;—Am. 1982, Act 417, Imd. Eff. Dec. 28, 1982;—Am. 1993, Act 334, Eff. Apr. 1, 1994;—Am. 1994, Act 266, Eff. Imd. July 6, 1994;—Am. 1995, Act 218, Imd. Eff. Dec. 1, 1995;—Am. 1999, Act 140, Imd. Eff. Oct. 18, 1999;—Am. 2004, Act 437, Imd. Eff. Dec. 21, 2004.

**Compiler's note:** For transfer of powers and duties of department of commerce under Act 198 of 1974 to the chief executive officer of the Michigan jobs commission, see E.R.O. No. 1994-8, compiled at MCL 408.47 of the Michigan Compiled Laws.

**Popular name:** Act 198

#### **207.555 Application for industrial exemption certificate; filing; contents; notice to assessing and taxing units; hearing; application fee.**

Sec. 5. (1) After the establishment of a district, the owner or lessee of a facility may file an application for an industrial facilities exemption certificate with the clerk of the local governmental unit that established the plant rehabilitation district or industrial development district. The application shall be filed in the manner and form prescribed by the commission. 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 a part of the facility, a time schedule for undertaking and completing the restoration, replacement, or construction of the facility, and information relating to the requirements in section 9.

(2) Upon receipt of an application for an industrial facilities exemption certificate, the clerk of the local governmental unit shall notify in writing the assessor of the assessing unit in which the facility is located or to be located, and the legislative body of each taxing unit that levies ad valorem property taxes in the local governmental unit in which the facility is located or to be located. Before acting upon the application, the legislative body of the local governmental unit shall afford the applicant, the assessor, and a representative of the affected taxing units an opportunity for a hearing.

(3) The local governmental unit may charge the applicant an application fee to process an application for an industrial facilities exemption certificate. The application fee shall not exceed the actual cost incurred by the local governmental unit in processing the application or 2% of the total property taxes abated under this act for the term that the industrial facilities exemption certificate is in effect, whichever is less. A local governmental unit shall not charge an applicant any other fee under this act.

**History:** 1974, Act 198, Imd. Eff. July 9, 1974;—Am. 1976, Act 224, Imd. Eff. July 30, 1976;—Am. 1996, Act 323, Imd. Eff. June 26, 1996.

**Popular name:** Act 198

#### **207.556 Application for industrial facilities exemption certificate; approval or disapproval; appeal.**

Sec. 6. The legislative body of the local governmental unit, not more than 60 days after receipt by its clerk of the application, shall by resolution either approve or disapprove the application for an industrial facilities exemption certificate in accordance with section 9 and the other provisions of this act. If disapproved, the reasons shall be set forth in writing in the resolution. If approved, the clerk shall forward the application to the commission within 60 days of approval or before October 31 of that year, whichever is first, or as otherwise provided in section 7 in order to receive the industrial facilities exemption certificate effective for the

following year. If disapproved, the clerk shall return the application to the applicant. The applicant may appeal the disapproval to the commission within 10 days after the date of the disapproval.

**History:** 1974, Act 198, Imd. Eff. July 9, 1974;—Am. 1996, Act 323, Imd. Eff. June 26, 1996;—Am. 2013, Act 85, Imd. Eff. June 28, 2013.

**Popular name:** Act 198

**207.557 Determination by commission; issuance of industrial facilities exemption certificate; notice of application; concurrence; effective date of certificate; mailing and filing of certificate; notice of refusal to issue certificate; failure of commission to receive application; certificate beginning December 30, 2002 and ending December 30, 2009; retroactive amendment of certificate; completed application; error or mistake; failure to forward application to commission; duties of commission.**

Sec. 7. (1) Within 60 days after receipt of an approved application or an appeal of a disapproved application that was submitted to the commission before October 31 of that year, the commission shall determine whether the facility is a speculative building or designed and acquired primarily for the purpose of restoration or replacement of obsolete industrial property or the construction of new industrial property, and whether the facility otherwise complies with section 9 and with the other provisions of this act. If the commission so finds, it shall issue an industrial facilities exemption certificate. Before issuing a certificate the commission shall notify the state treasurer of the application and shall obtain the written concurrence of the department of energy, labor, and economic growth that the application complies with the requirements in section 9. Except as otherwise provided in this section and section 7a, the effective date of the certificate for a replacement facility or new facility is the immediately succeeding December 31 following the date the certificate is issued. For a speculative building or a portion of a speculative building, except as otherwise provided in section 7a, the effective date of the certificate is the immediately succeeding December 31 following the date the speculative building, or the portion of a speculative building, is used as a manufacturing facility.

(2) The commission shall send an industrial facilities exemption certificate, when issued, by mail to the applicant, and a certified copy by mail to the assessor of the assessing unit in which the facility is located or to be located, and that copy shall be filed in his or her office. Notice of the commission's refusal to issue a certificate shall be sent by mail to the same persons.

(3) Notwithstanding any other provision of this act, if on December 29, 1986 a local governmental unit passed a resolution approving an exemption certificate for 10 years for real and personal property but the commission did not receive the application until 1992 and the application was not made complete until 1995, then the commission shall issue, for that property, an industrial facilities exemption certificate that begins December 30, 1987 and ends December 30, 1997.

(4) Notwithstanding any other provision of this act, if pursuant to section 16a a local governmental unit passed a resolution approving an industrial facilities exemption certificate for a new facility on October 14, 2003 for a certificate that expired in December 2002, the commission shall issue for that property an industrial facilities exemption certificate that begins on December 30, 2002 and ends December 30, 2009.

(5) Notwithstanding any other provision of this act, if on or before February 10, 2007 a local governmental unit passed a resolution approving an amendment of an industrial facilities exemption certificate for a replacement facility and that certificate was revoked by the commission effective December 30, 2005 with the order of revocation issued by the commission on April 10, 2006, notwithstanding the revocation, the commission shall retroactively amend the certificate and give full effect to the amended certificate, which shall include the additional personal property expenditures described in the resolution amending the certificate, for the period of time beginning when the certificate was originally approved until the certificate was revoked.

(6) Notwithstanding any other provision of this act, if on July 23, 2012, a local governmental unit passed a resolution approving an industrial facilities exemption certificate for a new facility, but the application was not made complete until 2013, the commission shall issue for that property an industrial facilities exemption certificate that begins on December 31, 2012 and ends December 31, 2024.

(7) Notwithstanding any other provision of this act, if on February 21, 2012, a local governmental unit passed a resolution approving an industrial facilities exemption certificate for a new facility, but the application was not made complete until 2013, the commission shall issue for that property an industrial facilities exemption certificate that begins on December 31, 2012.

(8) If the commission receives an application under this act for an industrial facilities exemption certificate for a new facility or a replacement facility and the application is made complete before October 31 following

the year in which the application is received by the commission, the commission may issue for that property an industrial facilities exemption certificate that has an effective date of December 31 of the year in which the application was received by the commission.

(9) If an error or mistake in an application for an industrial facilities exemption certificate is discovered after the local governmental unit has passed a resolution approving the application or after the commission has issued a certificate for the application, an applicant may submit an amended application in the same manner as an original application under this act that corrects the error or mistake. The legislative body of the local governmental unit and the commission may approve or deny the amended application. If the commission previously issued a certificate for the original application and approves an amended application under this subsection, the commission shall issue an amended certificate for the amended application with the same effective date as the original certificate.

(10) If the clerk of the qualified local governmental unit failed to forward an application that was approved by the legislative body of the qualified local governmental unit before October 31 of that year to the commission before October 31 but filed the application before October 31 of the immediately succeeding year and the commission approves the application, notwithstanding any other provision of this act, the certificate shall be considered to be issued on December 31 of the year in which the local governmental unit approved the application.

(11) Beginning October 1, 2013, the commission shall do all of the following for each industrial facilities exemption certificate approved or disapproved by the commission under subsection (8), (9), or (10):

(a) Notify the office of the member of the house of representatives of this state and the office of the senator of this state, who represent the geographic area in which the property covered by the application for a certificate is located, that an application for a certificate has been approved or disapproved under subsection (8), (9), or (10).

(b) Publish on its website a copy of the certificate if approved, or a copy of the denial notice if disapproved, under subsection (8), (9), or (10) and whatever additional information the commission considers appropriate regarding the application.

**History:** 1974, Act 198, Imd. Eff. July 9, 1974;—Am. 1975, Act 302, Imd. Eff. Dec. 19, 1975;—Am. 1982, Act 417, Imd. Eff. Dec. 28, 1982;—Am. 1996, Act 323, Imd. Eff. June 26, 1996;—Am. 1996, Act 513, Imd. Eff. Jan. 13, 1997;—Am. 2005, Act 267, Imd. Eff. Dec. 16, 2005;—Am. 2006, Act 483, Imd. Eff. Dec. 28, 2006;—Am. 2008, Act 457, Imd. Eff. Jan. 9, 2009;—Am. 2013, Act 85, Imd. Eff. June 28, 2013.

**Popular name:** Act 198

### **207.557a Cost of facility exceeding certain amount of state equalized value.**

Sec. 7a. If, after reviewing the application described in section 7, the commission determines that the cost of the facility exceeds \$150,000,000.00 of state equalized value, then all of the following apply:

(a) The replacement, restoration, or construction of the facility shall be completed within 6 years of the effective date of the initial industrial facilities exemption certificate or a greater time as authorized by the commission for good cause.

(b) The commission shall provide not more than 3 separate industrial facilities exemption certificates for the facility. The initial industrial facilities exemption certificate shall be effective for not more than 14 years. The second industrial facilities exemption certificate shall be effective 2 years after the initial industrial facilities exemption certificate becomes effective and shall continue to be effective for not more than 14 years. The third industrial facilities exemption certificate shall be effective 4 years after the initial industrial facilities exemption certificate becomes effective and shall continue to be effective for not more than 14 years. The commission may modify each certificate during the replacement, restoration, or construction of the facility.

(c) For each industrial facilities exemption certificate, the commission shall determine the portion of the facility to be completed. During the first 2 years of the industrial facilities exemption certificate period, the state equalized valuation of that portion of the facility shall be used to calculate the industrial facilities tax as provided in section 14. Upon the expiration of each industrial facilities exemption certificate or its revocation under section 15, that portion of the facility is subject to the general ad valorem property tax.

(d) Notwithstanding subdivision (b), an industrial facilities exemption certificate for a facility described in this section shall expire not more than 12 years from the completion of the facility.

**History:** Add. 1996, Act 513, Imd. Eff. Jan. 13, 1997.

**Popular name:** Act 198

### **207.558 Exemption of facility and certain persons from ad valorem taxes.**

Sec. 8. A facility or that portion of a facility described in section 7a, for which an industrial facilities



exemption certificate is in effect, but not the land on which the facility is located or to be located or inventory of the facility, for the period on and after the effective date of the certificate and continuing so long as the industrial facilities exemption certificate is in force, is exempt from ad valorem real and personal property taxes and the lessee, occupant, user, or person in possession of that facility for the same period is exempt from ad valorem taxes imposed under Act No. 189 of the Public Acts of 1953, being sections 211.181 and 211.182 of the Michigan Compiled Laws.

**History:** 1974, Act 198, Imd. Eff. July 9, 1974;—Am. 1993, Act 334, Eff. Apr. 1, 1994;—Am. 1996, Act 513, Imd. Eff. Jan. 13, 1997.

**Popular name:** Act 198

**207.559 Finding and determination in resolution approving application for certificate; valuation requiring separate finding and statement; compliance with certain requirements as condition to approval of application and granting of certificate; demolition, sale, or transfer of obsolete industrial property; certificate applicable to speculative building; procedural information; replacement facility; property owned or operated by casino; issuance of certificates.**

Sec. 9. (1) The legislative body of the local governmental unit, in its resolution approving an application, shall set forth a finding and determination that the granting of the industrial facilities exemption certificate, considered together with the aggregate amount of industrial facilities exemption certificates previously granted and currently in force, shall not have the effect of substantially impeding the operation of the local governmental unit or impairing the financial soundness of a taxing unit that levies an ad valorem property tax in the local governmental unit in which the facility is located or to be located. If the state equalized valuation of property proposed to be exempt pursuant to an application under consideration, considered together with the aggregate state equalized valuation of property exempt under certificates previously granted and currently in force, exceeds 5% of the state equalized valuation of the local governmental unit, the commission, with the approval of the state treasurer, shall make a separate finding and shall include a statement in the order approving the industrial facilities exemption certificate that exceeding that amount shall not have the effect of substantially impeding the operation of the local governmental unit or impairing the financial soundness of an affected taxing unit.

(2) Except for an application for a speculative building, which is governed by subsection (4), the legislative body of the local governmental unit shall not approve an application and the commission shall not grant an industrial facilities exemption certificate unless the applicant complies with all of the following requirements:

(a) The commencement of the restoration, replacement, or construction of the facility occurred not earlier than 12 months before the filing of the application for the industrial facilities exemption certificate. If the application is not filed within the 12-month period, the application may be filed within the succeeding 12-month period and the industrial facilities exemption certificate shall in this case expire 1 year earlier than it would have expired if the application had been timely filed. This subdivision does not apply for applications filed with the local governmental unit after December 31, 1983.

(b) For applications made after December 31, 1983, the proposed facility shall be located within a plant rehabilitation district or industrial development district that was duly established in a local governmental unit eligible under this act to establish a district and that was established upon a request filed or by the local governmental unit's own initiative taken before the commencement of the restoration, replacement, or construction of the facility.

(c) For applications made after December 31, 1983, the commencement of the restoration, replacement, or construction of the facility occurred not earlier than 6 months before the filing of the application for the industrial facilities exemption certificate.

(d) The application relates to a construction, restoration, or replacement program that when completed constitutes a new or replacement facility within the meaning of this act and that shall be situated within a plant rehabilitation district or industrial development district duly established in a local governmental unit eligible under this act to establish the district.

(e) Completion of the facility is calculated to, and will at the time of issuance of the certificate have the reasonable likelihood to create employment, retain employment, prevent a loss of employment, or produce energy in the community in which the facility is situated.

(f) Completion of the facility does not constitute merely the addition of machinery and equipment for the purpose of increasing productive capacity but rather is primarily for the purpose and will primarily have the effect of restoration, replacement, or updating the technology of obsolete industrial property. An increase in productive capacity, even though significant, is not an impediment to the issuance of an industrial facilities

exemption certificate if other criteria in this section and act are met. This subdivision does not apply to a new facility.

(g) The provisions of subdivision (c) do not apply to a new facility located in an existing industrial development district owned by a person who filed an application for an industrial facilities exemption certificate in April of 1992 if the application was approved by the local governing body and was denied by the state tax commission in April of 1993.

(h) The provisions of subdivisions (b) and (c) and section 4(3) do not apply to 1 or more of the following:

(i) A facility located in an industrial development district owned by a person who filed an application for an industrial facilities exemption certificate in October 1995 for construction that was commenced in July 1992 in a district that was established by the legislative body of the local governmental unit in July 1994. An industrial facilities exemption certificate described in this subparagraph shall expire as provided in section 16(3).

(ii) A facility located in an industrial development district that was established in January 1994 and was owned by a person who filed an application for an industrial facilities exemption certificate in February 1994 if the personal property and real property portions of the application were approved by the legislative body of the local governmental unit and the personal property portion of the application was approved by the state tax commission in December 1994 and the real property portion of the application was denied by the state tax commission in December 1994. An industrial facilities exemption certificate described in this subparagraph shall expire as provided in section 16(3).

(iii) A facility located in an industrial development district that was established in December 1995 and was owned by a person who filed an application for an industrial facilities exemptions certificate in November or December 1995 for construction that was commenced in September 1995.

(iv) A facility located in an industrial development district owned by a person who filed an application for an industrial facilities exemption certificate in July 2001 for construction that was commenced in February 2001 in a district that was established by the legislative body of the local governmental unit in September 2001. An industrial facilities exemption certificate described in this subparagraph shall expire as provided in section 16. The facility described in this subparagraph shall be taxed under this act as if it was granted an industrial facilities exemption certificate in October 2001, and a corrected tax bill shall be issued by the local tax collecting unit if the local tax collecting unit has possession of the tax roll or by the county treasurer if the county has possession of the tax roll. If granting the industrial facilities exemption certificate under this subparagraph results in an overpayment of the tax, a rebate, including any interest and penalties paid, shall be made to the taxpayer by the local tax collecting unit if the local tax collecting unit has possession of the tax roll or by the county treasurer if the county has possession of the tax roll within 30 days of the date the exemption is granted. The rebate shall be without interest.

(v) A facility located in an industrial development district owned by a person who filed an application for an industrial facilities exemption certificate in December 2005 for construction that was commenced in September 2005 in a district that was established by the legislative body of the local governmental unit in December 2005. An industrial facilities exemption certificate described in this subparagraph shall expire as provided in section 16.

(vi) A facility located in an existing industrial development district owned by a person who filed or amended an application for an industrial facilities exemption certificate for real property in July 2006 if the application was approved by the legislative body of the local governmental unit in September 2006 but not submitted to the state tax commission until September 2006.

(vii) A new facility located in an existing industrial development district owned by a person who filed or amended an application for an industrial facilities exemption certificate for personal property in June 2006 if the application was approved by the legislative body of the local governmental unit in August 2006 but not submitted to the state tax commission until 2007. The effective date of the certificate shall be December 31, 2006.

(viii) A new facility located in an industrial development district that was established by the legislative body of the local governmental unit in September of 2007 for construction that was commenced in March 2007 and for which an application for an industrial facilities exemption certificate was filed in September of 2007.

(ix) A facility located in an industrial development district that was established by the legislative body of the local governmental unit in August 2007 and was owned by a person who filed an application for an industrial facilities exemption certificate in June 2007 for equipment that was purchased in January 2007.

(x) A facility located in an industrial development district that otherwise meets the criteria of this act that has received written approval from the chairperson of the Michigan economic growth authority.

(xi) A new facility located in an industrial development district that was established by the legislative body

of the local governmental unit in August of 2008 for construction that was commenced in December 2005 and certificate of occupancy issued in September 2006 for which an application for an industrial facilities exemption certificate was filed in August of 2008.

(xii) A facility located in an industrial development district owned by a person who filed an application for a certificate for real and personal property in April 2005 if the application was approved by the legislative body of the local governmental unit in July 2005 for construction that was commenced in July 2004.

(xiii) A facility located in an industrial development district that was established by the legislative body of the local governmental unit in December 2007 for construction that was commenced in September 2007 and a certificate of occupancy issued in September 2008 for which an application for an industrial facilities exemption certificate was approved in May of 2008.

(i) The provisions of subdivision (c) do not apply to any of the following:

(i) A new facility located in an existing industrial development district owned by a person who filed an application for an industrial facilities exemption certificate in October 1993 if the application was approved by the legislative body of the local governmental unit and the real property portion of the application was denied by the state tax commission in December 1993.

(ii) A new facility located in an existing industrial development district owned by a person who filed an application for an industrial facilities exemption certificate in September 1993 if the personal property portion of the application was approved by the legislative body of the local governmental unit and the real property portion of the application was denied by the legislative body of the local governmental unit in October 1993 and subsequently approved by the legislative body of the local governmental unit in September 1994.

(iii) A facility located in an existing industrial development district owned by a person who filed an application for an industrial facilities exemption certificate in August 1993 if the application was approved by the local governmental unit in September 1993 and the application was denied by the state tax commission in December 1993.

(iv) A facility located in an existing industrial development district occupied by a person who filed an application for an industrial facilities exemption certificate in June of 1995 if the application was approved by the legislative body of the local governmental unit in October of 1995 for construction that was commenced in November or December of 1994.

(v) A facility located in an existing industrial development district owned by a person who filed an application for an industrial facilities exemption certificate in June of 1995 if the application was approved by the legislative body of the local governmental unit in July of 1995 and the personal property portion of the application was approved by the state tax commission in November of 1995.

(j) If the facility is locating in a plant rehabilitation district or an industrial development district from another location in this state, the owner of the facility is not delinquent in any of the taxes described in section 10(1)(a) of the Michigan renaissance zone act, 1996 PA 376, MCL 125.2690, or substantially delinquent in any of the taxes described in and as provided under section 10(1)(b) of the Michigan renaissance zone act, 1996 PA 376, MCL 125.2690.

(3) If the replacement facility when completed will not be located on the same premises or contiguous premises as the obsolete industrial property, then the applicant shall make provision for the obsolete industrial property by demolition, sale, or transfer to another person with the effect that the obsolete industrial property shall within a reasonable time again be subject to assessment and taxation under the general property tax act, 1893 PA 206, MCL 211.1 to 211.155, or be used in a manner consistent with the general purposes of this act, subject to approval of the commission.

(4) The legislative body of the local governmental unit shall not approve an application and the commission shall not grant an industrial facilities exemption certificate that applies to a speculative building unless the speculative building is or is to be located in a plant rehabilitation district or industrial development district duly established by a local governmental unit eligible under this act to establish a district; the speculative building was constructed less than 9 years before the filing of the application for the industrial facilities exemption certificate; the speculative building has not been occupied since completion of construction; and the speculative building otherwise qualifies under subsection (2)(e) for an industrial facilities exemption certificate. An industrial facilities exemption certificate granted under this subsection shall expire as provided in section 16(3).

(5) Not later than September 1, 1989, the commission shall provide to all local assessing units the name, address, and telephone number of the person on the commission staff responsible for providing procedural information concerning this act. After October 1, 1989, a local unit of government shall notify each prospective applicant of this information in writing.

(6) Notwithstanding any other provision of this act, if on December 29, 1986 a local governmental unit passed a resolution approving an exemption certificate for 10 years for real and personal property but the



commission did not receive the application until 1992 and the application was not made complete until 1995, then the commission shall issue, for that property, an industrial facilities exemption certificate that begins December 30, 1987 and ends December 30, 1997. The facility described in this subsection shall be taxed under this act as if it was granted an industrial facilities exemption certificate on December 30, 1987.

(7) Notwithstanding any other provision of this act, if a local governmental unit passed a resolution approving an industrial facilities exemption certificate for a new facility on July 8, 1991 but rescinded that resolution and passed a resolution approving an industrial facilities exemption certificate for that same facility as a replacement facility on October 21, 1996, the commission shall issue for that property an industrial facilities exemption certificate that begins December 30, 1991 and ends December 2003. The replacement facility described in this subsection shall be taxed under this act as if it was granted an industrial facilities exemption certificate on December 30, 1991.

(8) Property owned or operated by a casino is not industrial property or otherwise eligible for an abatement or reduction of ad valorem property taxes under this act. As used in this subsection, "casino" means a casino or a parking lot, hotel, motel, convention and trade center, or retail store owned or operated by a casino, an affiliate, or an affiliated company, regulated by this state pursuant to the Michigan gaming control and revenue act, 1996 IL 1, MCL 432.201 to 432.226.

(9) Notwithstanding section 16a and any other provision of this act, if a local governmental unit passed a resolution approving an industrial facilities exemption certificate for a new facility on October 28, 1996 for a certificate that expired in December 2003 and the local governmental unit passes a resolution approving the extension of the certificate after December 2003 and before March 1, 2006, the commission shall issue for that property an industrial facilities exemption certificate that begins on December 30, 2005 and ends December 30, 2010 as long as the property continues to qualify under this act.

(10) Notwithstanding any other provision of this act, if the commission issued an industrial facilities exemption certificate for a new facility on December 8, 1998 but revoked that industrial facilities exemption certificate for that same facility effective December 30, 2006 and that new facility is purchased by a buyer on or before November 1, 2007, the commission shall issue for that property an industrial facilities exemption certificate that begins December 31, 1998 and ends December 30, 2010 and shall transfer that industrial facilities exemption certificate to the buyer. The new facility described in this subsection shall be taxed under this act as if it was granted an industrial facilities exemption certificate effective on December 31, 1998.

(11) Notwithstanding any other provision of this act, if the commission issued industrial facilities exemption certificates for new facilities on October 30, 2002, September 9, 2003, and November 30, 2005 but revoked the industrial facilities exemption certificates for the same facilities effective December 30, 2007 and the new facilities continue to qualify under this act, the commission shall issue for the properties industrial facilities exemption certificates which end respectively on December 30, 2008, December 30, 2009, and December 30, 2011.

(12) Notwithstanding any other provision of this act, if in August 2008 a local governmental unit passed a resolution approving an exemption certificate for 12 years for real and personal property but the commission did not receive the application until 2008, then the commission shall issue, for that property, an industrial facilities exemption certificate that begins December 31, 2006 and ends December 30, 2018. The facility described in this subsection shall be taxed under this act as if it had been granted an industrial facilities exemption certificate on December 31, 2006.

(13) Notwithstanding any other provision of this act, if in September 2011 or October 2011 a local governmental unit passed a resolution approving an exemption certificate for 12 years for personal property but the commission did not receive the application until November 2011 and the commission approved the applications in May 2012, then the commission shall issue, for that property, an industrial facilities exemption certificate that begins December 31, 2011 and ends December 30, 2023. The facility described in this subsection shall be taxed under this act as if it had been granted an industrial facilities exemption certificate on December 31, 2011.

**History:** 1974, Act 198, Imd. Eff. July 9, 1974;—Am. 1975, Act 302, Imd. Eff. Dec. 19, 1975;—Am. 1976, Act 224, Imd. Eff. July 30, 1976;—Am. 1982, Act 417, Imd. Eff. Dec. 28, 1982;—Am. 1985, Act 33, Imd. Eff. June 13, 1985;—Am. 1989, Act 119, Imd. Eff. June 28, 1989;—Am. 1990, Act 338, Imd. Eff. Dec. 21, 1990;—Am. 1991, Act 201, Imd. Eff. Jan. 3, 1992;—Am. 1994, Act 76, Imd. Eff. Apr. 11, 1994;—Am. 1994, Act 266, Imd. Eff. July 6, 1994;—Am. 1994, Act 379, Imd. Eff. Dec. 27, 1994;—Am. 1995, Act 218, Imd. Eff. Dec. 1, 1995;—Am. 1996, Act 1, Imd. Eff. Jan. 30, 1996;—Am. 1996, Act 513, Imd. Eff. Jan. 13, 1997;—Am. 1999, Act 140, Imd. Eff. Oct. 18, 1999;—Am. 2005, Act 251, Imd. Eff. Dec. 1, 2005;—Am. 2006, Act 22, Imd. Eff. Feb. 14, 2006;—Am. 2006, Act 436, Imd. Eff. Oct. 5, 2006;—Am. 2007, Act 146, Imd. Eff. Dec. 10, 2007;—Am. 2008, Act 170, Imd. Eff. July 2, 2008;—Am. 2008, Act 515, Imd. Eff. Jan. 13, 2009;—Am. 2008, Act 516, Imd. Eff. Jan. 13, 2009;—Am. 2012, Act 490, Imd. Eff. Dec. 28, 2012.

**Compiler's note:** Section 2 of Act 119 of 1989 provides:

"Section 2. This amendatory act shall take effect beginning with taxes levied under this act in 1989."

Popular name: Act 198

**207.560 Annual determination of value of facility.**

Sec. 10. (1) The assessor of each city or township in which there is a speculative building, new facility, or replacement facility with respect to which 1 or more industrial facilities exemption certificates have been issued and are in force shall determine annually as of December 31 the value and taxable value of each facility separately, both for real and personal property, having the benefit of a certificate.

(2) The assessor, upon receipt of notice of the filing of an application for the issuance of a certificate, shall determine and furnish to the local legislative body and the commission the value of the property to which the application pertains and other information as may be necessary to permit the local legislative body and the commission to make the determinations required by section 9(1).

**History:** 1974, Act 198, Imd. Eff. July 9, 1974;—Am. 1975, Act 302, Imd. Eff. Dec. 19, 1975;—Am. 1982, Act 417, Imd. Eff. Dec. 28, 1982;—Am. 1996, Act 1, Imd. Eff. Jan. 30, 1996.

Popular name: Act 198

**207.561 Industrial facility tax; payment; disbursements; allocation; receipt or retention of tax payment by local or intermediate school district; disposition of amount disbursed to local school district; facility located in renaissance zone; building or facility owned or operated by qualified start-up business; "qualified start-up business" defined.**

Sec. 11. (1) Except as provided in subsections (6) and (7), there is levied upon every owner of a speculative building, a new facility, or a replacement facility to which an industrial facilities exemption certificate is issued a specific tax to be known as the industrial facility tax and an administrative fee calculated in the same manner and at the same rate that the local tax collecting unit imposes on ad valorem taxes collected under the general property tax act, 1893 PA 206, MCL 211.1 to 211.155.

(2) The industrial facility tax and administrative fee are to be paid annually, at the same times, in the same installments, and to the same officer or officers as taxes and administrative fees, if any, imposed under the general property tax act, 1893 PA 206, MCL 211.1 to 211.155, are payable. Except as otherwise provided in this section, the officer or officers shall disburse the industrial facility tax payments received each year to and among the state, cities, townships, villages, school districts, counties, and authorities, at the same times and in the same proportions as required by law for the disbursement of taxes collected under the general property tax act, 1893 PA 206, MCL 211.1 to 211.155. To determine the proportion for the disbursement of taxes under this subsection and for attribution of taxes under subsection (5) for taxes collected under industrial facilities exemption certificates issued before January 1, 1994, the number of mills levied for local school district operating purposes to be used in the calculation shall equal the number of mills for local school district operating purposes levied in 1993 minus the number of mills levied under the state education tax act, 1993 PA 331, MCL 211.901 to 211.906, for the year for which the disbursement is calculated.

(3) Except as provided by subsections (4) and (5), for an intermediate school district receiving state aid under section 56, 62, or 81 of the state school aid act of 1979, 1979 PA 94, MCL 388.1656, 388.1662, and 388.1681, of the amount that would otherwise be disbursed to or retained by the intermediate school district, all or a portion, to be determined on the basis of the tax rates being utilized to compute the amount of the state school aid, shall be paid instead to the state treasury to the credit of the state school aid fund established by section 11 of article IX of the state constitution of 1963. If the sum of any commercial facilities taxes prescribed by the commercial redevelopment act, 1978 PA 255, MCL 207.651 to 207.668, and the industrial facility taxes paid to the state treasury to the credit of the state school aid fund that would otherwise be disbursed to the local or intermediate school district, under section 12 of the commercial redevelopment act, 1978 PA 255, MCL 207.662, and this section, exceeds the amount received by the local or intermediate school district under sections 56, 62, and 81 of the state school aid act of 1979, 1979 PA 94, MCL 388.1656, 388.1662, and 388.1681, the department of treasury shall allocate to each eligible local or intermediate school district an amount equal to the difference between the sum of the commercial facilities taxes and the industrial facility taxes paid to the state treasury to the credit of the state school aid fund and the amount the local or intermediate school district received under sections 56, 62, and 81 of the state school aid act of 1979, 1979 PA 94, MCL 388.1656, 388.1662, and 388.1681. This subsection does not apply to taxes levied for either of the following:

(a) Mills allocated to an intermediate school district for operating purposes as provided for under the property tax limitation act, 1933 PA 62, MCL 211.201 to 211.217a.

(b) An intermediate school district that is not receiving state aid under section 56 or 62 of the state school aid act of 1979, 1979 PA 94, MCL 388.1656 and 388.1662.

(4) For industrial facilities taxes levied before 1994, a local or intermediate school district shall receive or

retain its industrial facility tax payment that is levied in any year and becomes a lien before December 1 of the year if the district files a statement with the state treasurer not later than June 30 of the year certifying that the district does not expect to receive state school aid payments under section 56, 62, or 81 of the state school aid act of 1979, 1979 PA 94, MCL 388.1656, 388.1662, and 388.1681, in the state fiscal year commencing in the year this statement is filed and if the district did not receive state school aid payments under section 56, 62, or 81 of the state school aid act of 1979, 1979 PA 94, MCL 388.1656, 388.1662, and 388.1681, for the state fiscal year concluding in the year the statement required by this subsection is filed. However, if a local or intermediate school district receives or retains its summer industrial facility tax payment under this subsection and becomes entitled to receive state school aid payments under section 56, 62, or 81 of the state school aid act of 1979, 1979 PA 94, MCL 388.1656, 388.1662, and 388.1681, in the state fiscal year commencing in the year in which it filed the statement required by this subsection, the district immediately shall pay to the state treasury to the credit of the state school aid fund an amount of the summer industrial facility tax payments that would have been paid to the state treasury to the credit of the state school aid fund under subsection (3) had not this subsection allowed the district to receive or retain the summer industrial facility tax payment.

(5) For industrial facilities taxes levied after 1993, the amount to be disbursed to a local school district, except for that amount of tax attributable to mills levied under section 1211(2) or 1211c of the revised school code, 1976 PA 451, MCL 380.1211 and 380.1211c, and mills that are not included as mills levied for school operating purposes under section 1211 of the revised school code, 1976 PA 451, MCL 380.1211, shall be paid to the state treasury and credited to the state school aid fund established by section 11 of article IX of the state constitution of 1963.

(6) A speculative building, a new facility, or a replacement facility located in a renaissance zone under the Michigan renaissance zone act, 1996 PA 376, MCL 125.2681 to 125.2696, is exempt from the industrial facility tax levied under this act to the extent and for the duration provided pursuant to the Michigan renaissance zone act, 1996 PA 376, MCL 125.2681 to 125.2696, except for that portion of the industrial facility tax attributable to a special assessment or a tax described in section 7ff(2) of the general property tax act, 1893 PA 206, MCL 211.7ff. The industrial facility tax calculated under this subsection shall be disbursed proportionately to the local taxing unit or units that levied the special assessment or the tax described in section 7ff(2) of the general property tax act, 1893 PA 206, MCL 211.7ff.

(7) Upon application for an exemption under this subsection by a qualified start-up business, the governing body of a local tax collecting unit may adopt a resolution to exempt a speculative building, a new facility, or a replacement facility of a qualified start-up business from the collection of the industrial facility tax levied under this act in the same manner and under the same terms and conditions as provided for the exemption in section 7hh of the general property tax act, 1893 PA 206, MCL 211.7hh. The clerk of the local tax collecting unit shall notify in writing the assessor of the local tax collecting unit and the legislative body of each taxing unit that levies ad valorem property taxes in the local tax collecting unit. Before acting on the resolution, the governing body of the local tax collecting unit shall afford the assessor and a representative of the affected taxing units an opportunity for a hearing. If a resolution authorizing the exemption is adopted in the same manner as provided in section 7hh of the general property tax act, 1893 PA 206, MCL 211.7hh, a speculative building, a new facility, or a replacement facility owned or operated by a qualified start-up business is exempt from the industrial facility tax levied under this act, except for that portion of the industrial facility tax attributable to a special assessment or a tax described in section 7ff(2) of the general property tax act, 1893 PA 206, MCL 211.7ff, for the year in which the resolution is adopted. A qualified start-up business is not eligible for an exemption under this subsection for more than 5 years. A qualified start-up business may receive the exemption under this subsection in nonconsecutive years. The industrial facility tax calculated under this subsection shall be disbursed proportionately to the taxing unit or units that levied the special assessment or the tax described in section 7ff(2) of the general property tax act, 1893 PA 206, MCL 211.7ff. As used in this subsection, "qualified start-up business" means that term as defined in section 31a of the single business tax act, 1975 PA 228, MCL 208.31a, or in section 415 of the Michigan business tax act, 2007 PA 36, MCL 208.1415.

**History:** 1974, Act 198, Imd. Eff. July 9, 1974;—Am. 1975, Act 247, Imd. Eff. Sept. 4, 1975;—Am. 1982, Act 417, Imd. Eff. Dec. 28, 1982;—Am. 1983, Act 139, Imd. Eff. July 18, 1983;—Am. 1984, Act 122, Imd. Eff. June 1, 1984;—Am. 1993, Act 334, Eff. Apr. 1, 1994;—Am. 1994, Act 266, Imd. Eff. July 6, 1994;—Am. 1994, Act 379, Imd. Eff. Dec. 27, 1994;—Am. 1995, Act 132, Imd. Eff. July 10, 1995;—Am. 1996, Act 446, Imd. Eff. Dec. 19, 1996;—Am. 2001, Act 157, Imd. Eff. Nov. 6, 2001;—Am. 2004, Act 323, Imd. Eff. Aug. 27, 2004;—Am. 2007, Act 195, Imd. Eff. Dec. 21, 2007.

**Compiler's note:** Act 165 of 1989, purporting to amend MCL 207.561 and 207.564, could not take effect "unless amendment 2 of House Joint Resolution I of the 85th Legislature becomes a part of the state constitution of 1963 as provided in section 1 of article XII of the state constitution of 1963." House Joint Resolution I was submitted to, and disapproved by, the people at the special election held on November 7, 1989.

**Popular name:** Act 198

\*\*\*\*\* 207.561a THIS SECTION MAY BE REPEALED. See enacting section 1 of Act 397 of 2012 \*\*\*\*\*

**207.561a Facility subject to industrial facilities exemption certificate; exemption for eligible manufacturing personal property; "eligible manufacturing personal property" defined.**

Sec. 11a. (1) If a facility was subject to an industrial facilities exemption certificate on December 31, 2012, notwithstanding any other provision of this act to the contrary, that portion of the facility that is eligible manufacturing personal property shall remain subject to the industrial facilities tax and shall remain exempt from ad valorem property taxes as provided in section 8 until that eligible manufacturing personal property would otherwise be exempt from the collection of taxes under section 9m, 9n, or 9o of the general property tax act, 1893 PA 206, MCL 211.9m, 211.9n, and 211.9o.

(2) As used in this subsection, "eligible manufacturing personal property" means that term as defined in section 9m of the general property tax act, 1893 PA 206, MCL 211.9m.

**History:** Add. 2012, Act 397, Eff. Mar. 28, 2013.

**Compiler's note:** Enacting section 1 of Act 397 of 2012 provides:

"Enacting section 1. Section 11a of 1974 PA 198, MCL 207.561a, as added by this amendatory act, is repealed if House Bill No. 6026 of the 96th Legislature is not approved by a majority of the qualified electors of this state voting on the question at an election to be held on the August regular election date in 2014."

**207.562 Failure to pay tax applicable to personal property; seizure and sale of personal property; civil action; jeopardy assessment; disbursement.**

Sec. 12. (1) If the industrial facility tax applicable to personal property is not paid within the time permitted by law for payment without penalty of taxes imposed under Act No. 206 of the Public Acts of 1893, as amended, the officer to whom the industrial facility tax is first payable may in his own name or in the name of the city, village, township, or county of which he is an officer, seize and sell personal property within this state of the owner who has so neglected or refused to pay the industrial facility tax applicable to personal property, to an amount sufficient to pay the tax, the expenses of sale, and interest on the tax at the rate of 9% per annum from the date the tax was first payable; or the officer may in his own name or in the name of the city, village, township, or county of which he is an officer, institute a civil action against the owner in the circuit court of the county in which the facility is located or in the circuit court of the county in which the owner resides or has his or its principal place of business, and in that civil action recover the amount of the tax and interest thereon at the rate of 9% per annum from the date the tax was first payable.

(2) The officer may proceed to make a jeopardy assessment, in the manner and under the circumstances provided by Act No. 55 of the Public Acts of 1956, being sections 211.691 to 211.698 of the Michigan Compiled Laws, as an additional means of collecting the amount of the tax under those circumstances.

(3) The officer may pursue 1 or more of the remedies provided in this section until such time as he has received the amount of the tax and interest thereon and costs allowed by this act or by law governing the proceedings of civil actions in the circuit courts. The amount of the tax and interest thereon shall be disbursed by the officer in the same manner as the industrial facility tax is disbursed when first payable.

**History:** 1974, Act 198, Imd. Eff. July 9, 1974.

**Popular name:** Act 198

**207.563 Tax applicable to real property as lien; automatic termination of exemption certificate; affidavit.**

Sec. 13. (1) The amount of the tax applicable to real property, until paid, shall be a lien upon the real property to which the certificate is applicable. Except as provided in subsection (3), the tax shall become a lien on the property on the date the tax is levied. The appropriate parties may, subject to subsection (3), enforce the lien in the same manner as provided by law for the foreclosure in the circuit courts of mortgage liens upon real property.

(2) On or after the December 31 next following the expiration of 60 days after the service upon the owner of a certificate of nonpayment and the filing of the certificate of nonpayment, if payment has not been made within the intervening 60 days, provided for by subsection (1), the industrial facilities exemption certificate shall automatically be terminated.

(3) The treasurer of a county, township, city, or village may designate the tax day provided in section 2 of the general property tax act, 1893 PA 206, MCL 211.2, as the date on which industrial facility taxes become a lien on the real or personal property assessed by filing an affidavit in the office of the register of deeds for the county in which the real or personal property is located attesting that 1 or more of the following events have occurred:



(a) The owner or person otherwise assessed has filed a bankruptcy petition under the federal bankruptcy code, title 11 of the United States Code, 11 USC 101 to 1330.

(b) A secured lender has brought an action to foreclose on or to enforce an interest secured by the real or personal property assessed.

(c) For personal property only, the owner, the person otherwise assessed, or other person has liquidated or is attempting to liquidate the personal property assessed.

(d) The real or personal property assessed is subject to receivership under state or federal law.

(e) The owner or person otherwise assessed has assigned the real or personal property assessed for the benefit of his or her creditors.

(f) The real or personal property assessed has been seized or purchased by federal, state, or local authorities.

(g) A judicial action has been commenced that may impair the ability of the taxing authority to collect any tax due in the absence of a lien on the real or personal property assessed.

(4) The affidavit provided for in subsection (3) shall include all of the following:

(a) The year for which the industrial facility taxes due were levied.

(b) The date on which the industrial facility taxes due were assessed.

(c) The name of the owner or person otherwise assessed who is identified in the tax roll.

(d) The tax identification number of the real or personal property assessed.

**History:** 1974, Act 198, Imd. Eff. July 9, 1974;—Am. 2004, Act 442, Imd. Eff. Dec. 21, 2004.

**Popular name:** Act 198

### **207.564 Industrial facility tax; amount of tax; determination; "industrial personal property" defined; termination or revocation; reduction.**

Sec. 14. (1) The amount of the industrial facility tax, in each year for a replacement facility, shall be determined by multiplying the total mills levied as ad valorem taxes for that year by all taxing units within which the facility is situated by the taxable value of the real and personal property of the obsolete industrial property for the tax year immediately preceding the effective date of the industrial facilities exemption certificate after deducting the taxable value of the land and of the inventory as specified in section 19.

(2) The amount of the industrial facility tax, in each year for a new facility or a speculative building for which an industrial facilities exemption certificate became effective before January 1, 1994, shall be determined by multiplying the taxable value of the facility excluding the land and the inventory personal property by the sum of 1/2 of the total mills levied as ad valorem taxes for that year by all taxing units within which the facility is located other than mills levied for school operating purposes by a local school district within which the facility is located or mills levied under the state education tax act, 1993 PA 331, MCL 211.901 to 211.906, plus 1/2 of the number of mills levied for local school district operating purposes in 1993.

(3) Except as provided in subsection (4), the amount of the industrial facility tax in each year for a new facility or a speculative building for which an industrial facilities exemption certificate becomes effective after December 31, 1993, shall be determined by multiplying the taxable value of the facility excluding the land and the inventory personal property by the sum of 1/2 of the total mills levied as ad valorem taxes for that year by all taxing units within which the facility is located other than mills levied under the state education tax act, 1993 PA 331, MCL 211.901 to 211.906, plus, subject to section 14a, the number of mills levied under the state education tax act, 1993 PA 331, MCL 211.901 to 211.906.

(4) For taxes levied after December 31, 2007, for the personal property tax component of an industrial facilities exemption certificate for a new facility or a speculative building that is sited on real property classified as industrial real property under section 34c of the general property tax act, 1893 PA 206, MCL 211.34c, the amount of the industrial facility tax in each year for a new facility or a speculative building shall be determined by multiplying the taxable value of the facility excluding the land and the inventory personal property by the sum of 1/2 of the total mills levied as ad valorem taxes for that year by all taxing units within which the facility is located other than mills levied on industrial personal property under the state education tax act, 1993 PA 331, MCL 211.901 to 211.906, and the number of mills from which industrial personal property is exempt under section 1211(1) of the revised school code, 1976 PA 451, MCL 380.1211. For taxes levied after December 31, 2007, for the personal property tax component of an industrial facilities exemption certificate for a new facility or a speculative building that is sited on real property classified as commercial real property under section 34c of the general property tax act, 1893 PA 206, MCL 211.34c, the amount of the industrial facility tax in each year for a new facility or a speculative building shall be determined by multiplying the taxable value of the facility excluding the land and the inventory personal property by the sum of 1/2 of the total mills levied as ad valorem taxes for that year by all taxing units within which the facility is

located other than the number of mills from which the property is exempt under section 1211(1) of the revised school code, 1976 PA 451, MCL 380.1211. As used in this subsection, "industrial personal property" means the following:

(a) Except as otherwise provided in subdivision (b), personal property classified under section 34c of the general property tax act, 1893 PA 206, MCL 211.34c, as industrial personal property.

(b) Beginning December 31, 2011, industrial personal property does not include a turbine powered by gas, steam, nuclear energy, coal, or oil the primary purpose of which is the generation of electricity for sale.

(5) For a termination or revocation of only the real property component, or only the personal property component, of an industrial facilities exemption certificate as provided in this act, the valuation and the tax determined using that valuation shall be reduced proportionately to reflect the exclusion of the component with respect to which the termination or revocation has occurred.

**History:** 1974, Act 198, Imd. Eff. July 9, 1974;—Am. 1982, Act 417, Imd. Eff. Dec. 28, 1982;—Am. 1993, Act 334, Eff. Apr. 1, 1994;—Am. 1994, Act 266, Eff. Imd. July 6, 1994;—Am. 1996, Act 1, Imd. Eff. Jan. 30, 1996;—Am. 2007, Act 39, Imd. Eff. July 12, 2007;—Am. 2007, Act 146, Imd. Eff. Dec. 10, 2007;—Am. 2008, Act 457, Imd. Eff. Jan. 9, 2009;—Am. 2011, Act 319, Eff. Dec. 31, 2011.

**Compiler's note:** Act 165 of 1989, purporting to amend MCL 207.561 and 207.564, could not take effect "unless amendment 2 of House Joint Resolution I of the 85th Legislature becomes a part of the state constitution of 1963 as provided in section 1 of article XII of the state constitution of 1963." House Joint Resolution I was submitted to, and disapproved by, the people at the special election held on November 7, 1989.

**Popular name:** Act 198

### **207.564a Reduction of mills used to calculate tax under MCL 207.564(3); exception.**

Sec. 14a. Within 60 days after the granting of an industrial facilities exemption certificate under section 7 for a new facility, the state treasurer may exclude 1/2 or all of the number of mills levied under the state education tax act, 1993 PA 331, MCL 211.901 to 211.906, from the specific tax calculation on the facility under section 14(3) if the state treasurer determines that reducing the number of mills used to calculate the specific tax under section 14(3) is necessary to reduce unemployment, promote economic growth, and increase capital investment in this state. This section does not apply to the personal property tax component of a certificate described in section 14(4).

**History:** Add. 1993, Act 334, Eff. Apr. 1, 1994;—Am. 1994, Act 266, Imd. Eff. July 6, 1994;—Am. 2007, Act 39, Imd. Eff. July 12, 2007.

**Compiler's note:** For transfer of authority, powers, duties, functions, and responsibilities of the state treasurer to grant exclusions from the state education tax to the Michigan jobs commission, see E.R.O. No. 1995-1, compiled at MCL 408.49 of the Michigan Compiled Laws.

**Popular name:** Act 198

### **207.564b Repealed. 1994, Act 266, Imd. Eff. July 6, 1994.**

**Compiler's note:** The repealed section pertained to determination of tax for which industrial facility exemption certificate effective.

**Popular name:** Act 198

### **207.565 Revocation of exemption certificate; request; grounds; notice; hearing; order; effective date; revocation of certificate issued for speculative building; reinstatement of certificate.**

Sec. 15. (1) Upon receipt of a request by certified mail to the commission by the holder of an industrial facilities exemption certificate requesting revocation of the certificate, the commission shall by order revoke the certificate in whole or revoke the certificate with respect to its real property component, or its personal property component, whichever is requested.

(2) The legislative body of a local governmental unit may by resolution request the commission to revoke the industrial facilities exemption certificate of a facility upon the grounds that, except as provided in section 7a, completion of the replacement facility or new facility has not occurred within 2 years after the effective date of the certificate, unless a greater time has been authorized by the commission for good cause; that the replacement, restoration, or construction of the facility has not occurred within 6 years after the date the initial industrial facilities exemption certificate was issued as provided in section 7a, unless a greater time has been authorized by the commission for good cause; that completion of the speculative building has not occurred within 2 years after the date the certificate was issued except as provided in section 7a, unless a greater time has been authorized by the commission for good cause; that a speculative building for which a certificate has been issued but is not yet effective has been used as other than a manufacturing facility; that the certificate issued for a speculative building has not become effective within 2 years after the December 31 following the date the certificate was issued; or that the purposes for which the certificate was issued are not being fulfilled

as a result of a failure of the holder to proceed in good faith with the replacement, restoration, or construction and operation of the replacement facility or new facility or with the use of the speculative building as a manufacturing facility in a manner consistent with the purposes of this act and in the absence of circumstances that are beyond the control of the holder.

(3) Upon receipt of the resolution, the commission shall give notice in writing by certified mail to the holder of the certificate, to the local legislative body, to the assessor of the assessing unit, and to the legislative body of each local taxing unit which levies taxes upon property in the local governmental unit in which the facility is located. The commission shall afford to the holder of the certificate, the local legislative body, the assessor, and a representative of the legislative body of each taxing unit an opportunity for a hearing. The commission shall by order revoke the certificate if the commission finds that completion except as provided in section 7a of the replacement facility or new facility has not occurred within 2 years after the effective date of the certificate or a greater time as authorized by the commission for good cause; that completion of the speculative building has not occurred within 2 years after the date the certificate was issued except as provided in section 7a, unless a greater time has been authorized by the commission for good cause; that a speculative building for which a certificate has been issued but is not yet effective has been used as other than a manufacturing facility; that the certificate issued for a speculative building has not become effective within 2 years after the December 31 following the date the certificate was issued; or that the holder of the certificate has not proceeded in good faith with the replacement, restoration, or construction and operation of the facility or with the use of the speculative building as a manufacturing facility in good faith in a manner consistent with the purposes of this act and in the absence of circumstances that are beyond the control of the holder.

(4) The order of the commission revoking the certificate shall be effective on the December 31 next following the date of the order and the commission shall send by certified mail copies of its order of revocation to the holder of the certificate, to the local legislative body, to the assessor of the assessing unit in which the facility is located, and to the legislative body of each taxing unit which levies taxes upon property in the local governmental unit in which the facility is located.

(5) A revocation of a certificate issued for a speculative building shall specify and apply only to that portion of the speculative building for which the grounds for revocation relate.

(6) Notwithstanding any other provision of this act, upon the written request of the holder of a revoked industrial facilities exemption certificate to the local unit of government and the commission or upon the application of a subsequent owner to the local governing body to transfer the revoked industrial facilities exemption certificate to a subsequent owner, and the submission to the commission of a resolution of concurrence by the legislative body of the local unit of government in which the facility is located, and if the facility continues to qualify under this act, the commission may reinstate a revoked industrial facilities exemption certificate for the holder or a subsequent owner that has applied for the transfer.

**History:** 1974, Act 198, Imd. Eff. July 9, 1974;—Am. 1982, Act 417, Imd. Eff. Dec. 28, 1982;—Am. 1996, Act 513, Imd. Eff. Jan. 13, 1997;—Am. 2008, Act 170, Imd. Eff. July 2, 2008;—Am. 2010, Act 122, Imd. Eff. July 19, 2010.

**Popular name:** Act 198

\*\*\*\*\* 207.566 SUBSECTION (2) MAY NOT APPLY: See (2) of 207.566 \*\*\*\*\*

## **207.566 Duration of industrial facilities exemption certificate; date of issuance of certificate of occupancy.**

Sec. 16. (1) Unless earlier revoked as provided in section 15, an industrial facilities exemption certificate shall remain in force and effect for a period to be determined by the legislative body of the local governmental unit and commencing with its effective date and ending on the December 31 next following not more than 12 years after the completion of the facility with respect to both the real property component and the personal property component of the facility. The date of issuance of a certificate of occupancy, if one is required, by appropriate municipal authority shall be the date of completion of the facility.

(2) In the case of an application which was not filed within 12 months after the commencement of the restoration, replacement, or construction of the facility but was filed within the succeeding 12-month period as provided in section 9(2)(a), the industrial facilities exemption certificate, unless earlier revoked as provided in section 15, shall remain in force and effect for a period commencing with its effective date and ending on the December 31 next following not more than 11 years after completion of the facility with respect to both the real property component and the personal property component of the facility. The date of issuance of a certificate of occupancy, if one is required, by appropriate municipal authority shall be the date of completion of the facility. This subsection shall not apply for certificates issued after December 31, 1983.

(3) In the case of an application filed pursuant to section 9(4), an industrial facilities exemption certificate,

unless earlier revoked as provided in section 15, shall remain in force and effect for a period to be determined by the legislative body of the local governmental unit and commencing on the effective date of the certificate and ending on the December 31 next following not more than 11 years after the effective date of the certificate.

**History:** 1974, Act 198, Imd. Eff. July 9, 1974;—Am. 1976, Act 224, Imd. Eff. July 30, 1976;—Am. 1978, Act 38, Imd. Eff. Feb. 24;—Am. 1982, Act 417, Imd. Eff. Dec. 28, 1982.

**Popular name:** Act 198

### **207.566a Industrial facilities exemption certificate; provisions.**

Sec. 16a. If an industrial facilities exemption certificate for a replacement facility, a new facility, or a speculative building becomes effective after December 31, 1995, for a period shorter than the maximum period permitted under section 16, then both of the following apply:

(a) The owner or lessee of the replacement facility, new facility, or speculative building may, within the final year in which the certificate is effective, within 12 months after the certificate expires, or, as permitted by the local governmental unit, at any other time in which the certificate is in effect apply for another certificate under this act. If the legislative body of a local governmental unit disapproves an application submitted under this subdivision, then the applicant has no right of appeal of that decision as described in section 6.

(b) The legislative body of a local governmental unit shall not approve applications for certificates the sum of whose periods exceeds the maximum permitted under section 16 for the user or lessee of a replacement facility, new facility, or speculative building.

**History:** Add. 1996, Act 94, Imd. Eff. Feb. 28, 1996;—Am. 2008, Act 306, Imd. Eff. Dec. 18, 2008.

**Popular name:** Act 198

### **207.567 Assessment of real and personal property comprising facility; notice of determination.**

Sec. 17. (1) The assessor of each city or township in which is located a facility with respect to which an industrial facilities exemption certificate is in force shall annually determine, with respect to each such facility, an assessment of the real and personal property comprising the facility having the benefit of an industrial facilities exemption certificate which would have been made under Act No. 206 of the Public Acts of 1893, as amended, if the certificate had not been in force. A holder of an industrial facilities exemption certificate shall furnish to the assessor such information as may be necessary for the determination.

(2) The assessor, having made the determination, shall annually notify the commission, the legislative body of each unit of local government which levies taxes upon property in the city or township in which the facility is located, and the holder of the industrial facilities exemption certificate of the determination, separately stating the determinations for real property and personal property, by certified mail not later than October 15 based upon valuations as of the preceding December 31.

**History:** 1974, Act 198, Imd. Eff. July 9, 1974.

**Popular name:** Act 198

### **207.568 Rules.**

Sec. 18. The commission may promulgate rules as it deems necessary for the administration of this act pursuant to Act No. 306 of the Public Acts of 1969, as amended, being sections 24.201 to 24.315 of the Michigan Compiled Laws.

**History:** 1974, Act 198, Imd. Eff. July 9, 1974.

**Popular name:** Act 198

**Administrative rules:** R 209.51 to R 209.57 of the Michigan Administrative Code.

### **207.569 Form and contents of exemption certificate.**

Sec. 19. An industrial facilities exemption certificate shall be in the form the commission determines but shall contain:

(a) A legal description of the real property on which the facility is or is to be located.

(b) A statement that unless revoked as provided in this act the certificate shall remain in force for the period stated in the certificate.

(c) In the case of a replacement facility a statement of the state equalized valuation of the obsolete industrial property, separately stated for real and personal property, for the tax year immediately preceding the effective date of the certificate after deducting the state equalized valuation of the land and inventory.

**History:** 1974, Act 198, Imd. Eff. July 9, 1974.



**Popular name:** Act 198

### **207.570 Appeal.**

Sec. 20. A party aggrieved by the issuance or refusal to issue, revocation, transfer, or modification of an industrial facilities exemption certificate may appeal from the finding and order of the commission in the manner and form and within the time provided by Act No. 306 of the Public Acts of 1969, as amended.

**History:** 1974, Act 198, Imd. Eff. July 9, 1974.

**Popular name:** Act 198

### **207.571 Transfer and assignment of industrial facilities exemption certificate.**

Sec. 21. (1) An industrial facilities exemption certificate may be transferred and assigned by the holder of the industrial facilities exemption certificate to a new owner or lessee of the facility but only with the approval of the local governmental unit and the commission after application by the new owner or lessee, and notice and hearing in the same manner as provided in section 5 for the application for a certificate.

(2) If the owner or lessee of a facility for which an industrial facilities exemption certificate is in effect relocates that facility outside of the industrial development district or plant rehabilitation district during the period in which the industrial facilities exemption certificate is in effect, the owner or lessee is liable to the local governmental unit from which it is leaving, upon relocating, for an amount equal to the difference between the industrial facilities tax to be paid by the owner or lessee of that facility for that facility for the tax years remaining under the industrial facilities exemption certificate that is in effect and the general ad valorem property tax that the owner or lessee would have paid if the owner or lessee of that facility did not have an industrial facilities exemption certificate in effect for those years. If the local governmental unit determines that it is in its best interest, the local governmental unit may forgive the liability of the owner or lessee under this subsection. The payment provided in this subsection shall be distributed in the same manner as the industrial facilities tax is distributed.

**History:** 1974, Act 198, Imd. Eff. July 9, 1974;—Am. 1999, Act 140, Imd. Eff. Oct. 18, 1999.

**Popular name:** Act 198

### **207.572 Industrial facilities exemption certificate; requirements for approval and issuance; application for industrial facilities exemption certificate for eligible next Michigan business; written agreement required; remedy provision.**

Sec. 22. (1) A new industrial facilities exemption certificate shall not be approved and issued under this act after April 1, 1994, unless a written agreement is entered into between the local governmental unit and the person to whom the certificate is to be issued, and filed with the department of treasury.

(2) A next Michigan development corporation shall not approve an application for an industrial facilities exemption certificate for an eligible next Michigan business without a written agreement entered into with the eligible next Michigan business containing a remedy provision that includes, but is not limited to, all of the following:

(a) A requirement that the industrial facilities exemption certificate is revoked if the eligible next Michigan business is determined to be in violation of the provisions of the written agreement.

(b) A requirement that the eligible next Michigan business may be required to repay all or part of the benefits received under this act if the eligible next Michigan business is determined to be in violation of the provisions of the written agreement.

**History:** Add. 1993, Act 334, Eff. Apr. 1, 1994;—Am. 1994, Act 266, Eff. Imd. July 6, 1994;—Am. 2010, Act 273, Imd. Eff. Dec. 15, 2010.

**Popular name:** Act 198

Frequently Asked Questions (FAQ)  
Plant Rehabilitation and Industrial Development Act (Industrial Facilities Exemption)  
(PA 198 of 1974, as amended)

The following frequently asked questions are being provided as a service to assessors and taxpayers to better inform them about the administration of Public Act 198 of 1974, as amended.

**Note: The information contained in these frequently asked questions constitutes an analysis of one or more statutes and not legal advice. Since the analysis is limited to general statutory requirements, individual facts may result in different conclusions being reached. Therefore, individuals may wish to consult legal counsel.**

**1. What is an Industrial Facilities Exemption?**

The Plant Rehabilitation and Industrial Development Districts Act, (known as the Industrial Facilities Exemption) PA 198 of 1974, as amended, provides a tax incentive to manufacturers to enable renovation and expansion of aging facilities, assist in the building of new facilities and to promote the establishment of high tech facilities. An Industrial Development District (IDD) or a Plant Rehabilitation District (PRD) must be created prior to initiating a project so it is essential that you consult your local assessor before commencing a project. An Industrial Facilities Exemption (IFE) certificate entitles the facility to exemption from ad valorem real and/or personal property taxes for a term of 1-12 years as determined by the local unit of government. Applications are filed, reviewed and approved by the local unit of government, but are also subject to review at the State level by the Property Services Division and the Michigan Economic Development Corporation. The State Tax Commission (STC) is ultimately responsible for final approval and issuance of certificates. Exemptions are not effective until approved by the STC.

**2. What is the difference between an Industrial Development District and a Plant Rehabilitation District?**

The main difference is that an Industrial Development District (IDD) covers only new facility projects and a Plant Rehabilitation District (PRD) is designed primarily for rehabilitation projects and requires a finding that 50% or more of the industrial property within the district is obsolete. (See MCL 207.554(5).) The 50% obsolescence requirement is measured by dividing the State Equalized Value (SEV) of the obsolete property by the SEV of all of the properties in the district and multiplying the result by 100.

**3. Should a Plant Rehabilitation District (PRD) include only the project that is currently being rehabilitated?**

Yes. This recommendation allows applicants to apply for additional replacement facilities where they otherwise might not be allowed. [This is true because in order to have a PRD, at least 50% of the properties in the rehabilitation district must be obsolete. This is measured by dividing the State Equalized Value (SEV) of the obsolete properties in the district by the SEV of all properties in the district and multiplying the result by 100.]

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In the case of a district which was created many years ago and encompassed many separate buildings, several separate Industrial Facilities Exemption Certificates could have been issued over the years. The result is that when the assessor calculates whether 50% of the property in the district is obsolete, there may be so many new and rehabilitated properties that have returned to the ad valorem roll that the 50% obsolescence requirement cannot be met.

The following procedure has been utilized to assist in identifying the exact parameter of the project that is being replaced and the taxable value to be frozen:

- a. Designate a PRD with a legal description that specifically matches the description of the replacement portion or project to be rehabilitated in the application. The legal description of the district will encompass only the building or portion of the building or machinery and equipment that is being rehabilitated.

If the PRD includes more than the property currently being rehabilitated, an exemption certificate may be granted in the future to additional properties within the district even though the local unit objects to it.

- b. Request that the assessor provide the Taxable Value (TV) of all of the real and/or personal property contained within the boundaries of the specifically described PRD. This figure becomes the frozen TV of the facility.

It has been the practice of the State Tax Commission (STC) to request that the SEV/TV of the entire PRD for a rehabilitation project be frozen. Many of the early applications involved projects in large established PRD districts where the SEVs of the entire PRD were later found to include additional buildings/personal property that were contained within the district and frozen but were not being rehabilitated at the time of the application. This was at times found to be detrimental to both the company and the local units. The detriment for companies was that there was no allowance on frozen assessments for the depreciation of buildings and equipment. In order to correct the frozen assessment, the company would have to request revocation of the certificate.

**4. Can a request to establish an Industrial Development District or a Plant Rehabilitation District be denied?**

Yes. A local unit can refuse to establish a district and the requestor cannot appeal that decision. Once a district is established, a local unit cannot stop an application within the established district from being submitted, acted upon and given the full right to the appeal process.

**5. Is there a procedure for dissolving an Industrial Development District or a Plant Rehabilitation District?**

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Yes. Guidelines for the dissolving of a district can be found in MCL 207.554(8), which states the following:

“A local governmental unit, by resolution of its legislative body, may terminate a plant rehabilitation district or an industrial development district, if there are no industrial facility exemption certificates in effect in the plant rehabilitation district or the industrial development district on the date of the resolution to terminate.”

**6. How do I apply for an Industrial Facilities Exemption Certificate?**

An application for the Industrial Facilities Exemption can be found at the Michigan Department of Treasury website: [www.michigan.gov/propertytaxexemptions](http://www.michigan.gov/propertytaxexemptions).

File two copies of the completed application and all attachments with the clerk of the local governmental unit where the facility is located. You must meet the following qualifications of the Act:

- a. The facility must be located within an established Industrial Development or Plant Rehabilitation District;
- b. The applicant is a qualifying business as outlined in MCL 207.552; and
- c. The application for the exemption can be prefiled, but must be filed within six months of the commencement of the improvements.

**7. Are there provisions in the application process which are time sensitive?**

Yes. There are several provisions which cause the application process to be very time-sensitive.

MCL 207.553(8)(b) provides that a speculative building must be one that is constructed *before* a specific user is identified.

MCL 207.554(3) requires that the request for the establishment of a proposed Plant Rehabilitation District (PRD) or Industrial Development District (IDD) must be made *prior* to the start of construction of the property for which exemption is being sought.

MCL 207.554(4) requires that *before* adopting a resolution establishing a PRD or IDD the legislative body shall give written notice by certified mail to the owners of all real property within the proposed PRD or IDD, hold a public hearing on the proposed establishment, and grant a right to appear and be heard regarding same.

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MCL 207.554(9) provides that *before* acting on a proposed resolution terminating a PRD or IDD, the local unit shall give at least 14 days written notice by certified mail to owners of all real property within the PRD or IDD and hold a hearing at which those owners have a right to appear and be heard.

MCL 207.555(2) requires that *before* acting upon an application, the legislative body of the local governmental unit shall afford the applicant, the assessor and a representative of the affected taxing units an opportunity for a hearing.

MCL 207.556 requires that no more than 60 days after the clerk's receipt of the application, the legislative body of the local governmental unit shall, by resolution, either approve or disapprove the application. Further, the clerk shall forward the approved application to the commission within 60 days of that approval or before October 31 of that year, whichever is first. In the case of a disapproval of the application, the applicant has 10 days after the date of the disapproval to appeal to the commission.

MCL 207.559(2) requires that the start of construction of the facility cannot occur more than 6 months before the filing of the application for the Industrial Facilities Exemption Certificate with the clerk of the local unit of government.

State Tax Commission Rule No. 57 states that a complete application (with all required attachments) received by the State Tax Commission on or before October 31 will be acted on by the Commission before December 31 of that year. Applications received after October 31 will be processed contingent upon staff availability.

**8. Can an application for an Industrial Facilities exemption Certificate (IFEC) be denied?**

Yes. An application can be denied by the local governmental unit (LGU) or by the State Tax Commission (STC) if all of the requirements are not met by the applicant.

**9. Can a decision of the State Tax Commission (STC) regarding an industrial facilities Exemption Certificate (IFEC) be appealed?**

Yes. MCL 207.570 states as follows:

“A party aggrieved by the issuance or refusal to issue, revocation, transfer, or modification of an industrial facilities exemption certificate may appeal from the finding and order of the commission in the manner and form and within the time provided by Act No. 306 of the Public Acts of 1969, as amended.”

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PA 206 of 1969, also known as the Administrative Procedures Act (APA) provides for an appeal to the circuit court within 60 days of the date the STC denies the application for an IFEC. (See MCL 24.301 through MCL 24.306.)

**10. Is it possible for an Industrial Facilities Exemption Certificate to remain in effect for more than 12 years?**

Yes. The local unit determines the number of years granted for an exemption request. The number of years can be anywhere from 1 to 12 years with the exception discussed below for the period of construction. If the local unit decides to grant exactly 12 years, it should state this in the resolution, as discussed below in Example #1. If the local unit chooses to grant the application for a period of time greater than 12 years, (*i.e.*, 1-2 years as partially complete and 12 years as fully completed), the local unit should use the language discussed in Example #2 below to accomplish this.

**Example #1:** If the resolution states “12 years,” the ending date of the certificate will be 12 years added to the tax day on which the exemption becomes effective.

**Example #2:** If the resolution states “12 years after completion,” the ending date of the certificate will be 12 years added to up to 2 years of construction time. This would allow up to a 14-year exemption period. This could be further extended if an extension of time is granted as provided by STC Rule No. 53.

**11. What determines the starting date of an Industrial Facilities Exemption Certificate (IFEC)?**

The starting date of the term of an IFEC is December 31<sup>st</sup> of the year the certificate is issued by the State Tax Commission (STC). [Example: a certificate issued on November 12, 2008 would have a start date of December 31, 2008.]

**12. Why is a certificate sometimes issued by the State Tax Commission (STC) for a longer period of time than what was approved by the local unit?**

There may be a variance due to the local unit’s resolution stating the number of years as “after completion.” The resolution may be corrected any time prior to being submitted to the STC for issuance of the certificate. After issuance, no corrections are allowed except in the case of an extension of time to complete, as provided by STC Rule No. 53.

**13. Can the ending date of an Industrial Facilities Exemption Certificate be changed after it is issued by the State Tax Commission (STC)?**

Yes. The statute calls for the certificate to be issued by the local unit for the number of years it designates. The ending date is determined by the language in the resolution.

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Once the certificate is issued, the ending date can only be changed when one of the following applies:

- a. STC Rule No. 53, which provides for an extension of time to complete the project.
- b. MCL 207.557a which applies to facilities that exceed \$150,000,000 of State Equalized Value (SEV).
- c. MCL 207.566a which applies to certificates issued after December 31, 1995, for which the exemption period is shorter than the maximum allowed under MCL 207.566.

**14. Can the duration of an Industrial Facilities Exemption Certificate (IFEC) be extended?**

Perhaps. An IFEC can be approved for a maximum of 12 years. Local units may grant less than the 12-year maximum term when granting exemptions based on criteria they have adopted. (See MCL 207.566a.) Some local units allow extensions beyond the original term granted and some do not. A local unit may state in its original resolution the number of years being granted and include an extension provision which contains the criteria to be used to determine whether someone qualifies for an extension. This could be done at the start of the exemption process.

**15. How is the tax computed for a new facility?**

Real Property

The Act states that the tax computation for new facility real property is determined by multiplying the Taxable Value (TV) of the facility by  $\frac{1}{2}$  of the total mills other than the State Education Tax (SET) mills levied as ad valorem taxes for that year by all of the taxing units where the property is located plus the total SET mills, unless receiving a 100% or 50% abatement from the State Treasurer under MCL 207.564a.

Personal Property Sited on Real Property Classified as Industrial Real Property

The Act states that the tax computation for new facility personal property sited on real property classified as industrial real property is determined by multiplying the TV of the facility by  $\frac{1}{2}$  of the total mills other than the local school district (LSD) Operating mills and SET mills levied as ad valorem tax for that year by all of the taxing units where the property is located, plus  $\frac{1}{2}$  of the Hold-Harmless mills.

Personal Property Sited on Real Property Classified as Commercial Real Property

The Act states that the tax computation for new facility personal property sited on real property classified as commercial real property is determined by multiplying the TV of the facility by  $\frac{1}{2}$  of the total mills (including SET mills) other than the LSD Operating mills levied as ad valorem tax for that year by all of the taxing units where the property is



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located, plus ½ of the sum of LSD Operating mills minus 12 mills, plus ½ of the Hold-Harmless mills.

Personal Property Sited on Real Property Not Classified as Industrial or Commercial Real Property

The Act states that the tax computation for new facility personal property sited on real property not classified as industrial or commercial real property is determined by multiplying the TV of the facility by ½ of the total mills other than the SET mills levied as ad valorem tax for that year by all of the taxing units where the property is located plus the total SET mills unless receiving a 100% or 50% abatement from the State Treasurer under MCL 207.564a.

A parcel of property holding a new Industrial Facilities Exemption Certificate (IFEC) will have two assessments: the land will be addressed on the regular (ad valorem) assessment roll that the assessor has turned over to the March Board of Review and the building, land improvements and personal property (pertaining to the same certificate) will have an assessment on the Industrial Facility Tax tax roll.

PA 1 of 1996 requires the assessor to calculate a Capped Value and a Taxable Value for the building and land improvements of a parcel of real property holding a new IFEC.

Taxes on a property holding a new certificate shall be levied against the TV of the property, not the SEV. The TV of real property which has a new certificate is calculated the same way that TV is calculated for the non-IFT, ad valorem assessment roll.

The property's land assessment on the ad valorem roll may be adjusted by the March Board of Review. The IFT tax roll assessment of a new IFEC may also be adjusted by the March Board of Review.

**16. How is the tax computed for a “replacement facility”?**

The Act states that the tax computation for a replacement facility is determined by multiplying the total mills levied as ad valorem taxes by the Taxable Value (TV) of the real and/or personal component of the obsolete industrial property for the tax year immediately preceding the effective date of the certificate.

A parcel of property holding a “rehabilitation” Industrial Facilities Exemption Certificate will have two assessments. The land will be assessed on the regular (ad valorem) assessment roll that the assessor has turned over to the March Board of Review. The building, land improvements and personal property (pertaining to the same certificate) will have an assessment on the Industrial Facility Tax (IFT) tax roll. The taxes on properties holding a “rehabilitation” or “replacement” certificate shall be levied against TV.

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The TV of a property on the IFT tax roll with a “rehabilitation” or “replacement” certificate is the amount of the TV of the real and/or personal property for the tax year immediately preceding the effective date of the certificate. That amount is frozen until the exemption certificate expires.

The TV of a property on the IFT tax roll with a “rehabilitation” or “replacement” certificate which began PRIOR to 1995 will still be the same as the frozen SEV for the property until the exemption certificate expires. The TV of a property covered by a rehabilitation or replacement certificate which began in 1995 or AFTER will be the same as the frozen TV for the property until the exemption certificate expires.

The property’s land assessment on the ad valorem roll may be adjusted by the March Board of Review. The IFT tax roll assessment of a property with a rehabilitation or replacement certificate cannot have its assessment altered by the Board of Review during the term of the certificate.

**17. Can a 1% Administration Fee be added to an Industrial Facility Tax (IFT) tax roll?**

Yes. Per MCL 207.561, Section 11(1), the 1% Administration Fee can be added to an IFT tax roll.

**18. Why are the dollar amounts on some Industrial Facilities Exemption Certificates (IFEC) different from what was applied for?**

If the dollar amounts on a certificate are different from what was applied for, it may have been changed by Property Services Division (PSD) staff due to one of the following reasons:

- a. The application was filed more than 6 months after the start of construction of real property or the start of installation of personal property. See also Question #10.
- b. Some of the equipment was existing equipment which is ineligible for exemption as new property. See also Question #11.
- c. Used equipment was purchased from another manufacturing company, not from a broker of used equipment. See also Question #11.
- d. The application involves leased property but the property tax liability is not held by the applicant. In other words, the applicant is not responsible for direct payment of taxes to the local unit. See MCL 207.552(6).

**19. What happens when an incomplete application for an Industrial Facilities Exemption Certificate (IFEC) is received?**

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The applicant will be contacted to submit the required items. If the required items are not submitted within 30 days, the application may be dismissed as inactive.

**20. What types of equipment qualify as new industrial property as defined in MCL 207.552(4)?**

The State Tax Commission (STC) has interpreted the term “new industrial property” to mean new to the tax base in Michigan. Following this interpretation, the following would be considered new industrial property:

- a. New equipment purchased from an equipment manufacturer.
- b. Used equipment never before located in Michigan.
- c. Used equipment purchased from a broker of used equipment with the rationale that because the prior owner is a broker, the equipment has lost its status as existing equipment in Michigan as it has become inventory.

The following would not qualify as new industrial property:

- a. Existing equipment already in the possession of the applicant.
- b. Existing equipment in the possession of another Michigan company.

**21. Can an application for an Industrial Facilities Exemption Certificate (IFEC) include equipment/devices which are also going to be submitted for an Air or Water Pollution Control Exemption?**

Yes. It is recommended that all new equipment and machinery be included in the IFEC application so that the equipment and machinery meet the timeline requirements of PA 198 of 1974, as amended. The same equipment can then also be submitted for an Air or Water Pollution Control Exemption. If all of the property does not qualify as exempt Air or Water Pollution Control equipment, the remainder may then qualify for the IFEC exemption. Refer to the Air or Water Pollution Control Exemption FAQs for more information.

**22. Can a real property replacement facility include more floor space than the original obsolete facility?**

Yes. MCL 207.552(3) states that a replacement facility can consist of either replacement or restoration. MCL 207.553(5) defines “replacement” as:

“...the complete or partial demolition of obsolete industrial property and the complete or partial reconstruction or installation of new property of similar utility.”

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“Replacement” usually involves the construction of a new building or a part of a building. “Restoration” is defined in MCL 207.553(6) as:

“... changes to obsolete industrial property other than replacement as may be required to restore the property ... to an economically efficient functional condition.”

When replacement includes additional floor space, it can still be a replacement facility, provided that the building does not exceed the size of the original building by more than 10%. If the replacement building exceeds the size of the original by more than 10%, the additional space must be treated as a new facility. The tax on a new facility is calculated differently from the tax on a replacement facility.<sup>1</sup> When restoration includes more floor space than the original building, ALL of the additional floor space is treated as a new facility.

**23. Why are some projects approved by the State Tax Commission (STC) as new facilities even though they were submitted as rehabilitation facilities?**

If an application was submitted as a rehabilitation facility project but was approved as a new facility, it may be due to one of the following reasons:

- a. The description of the investment undertaken did not speak to restoration and/or replacement of a functionally obsolete facility involving major improvements such as roof, windows, plumbing, heating, code compliances, etc.
- b. The Plant Rehabilitation District (PRD) in which the project is located no longer qualifies as a PRD because at least 50% of the properties in the district are no longer obsolete. Therefore, only new facilities can be located within the district.
- c. The district established was an Industrial Development District (IDD) in which only new projects are allowed, not a PRD.
- d. The local unit’s resolution approving the request approved a new facility project, not a rehabilitation project.

**24. Can leased equipment qualify for an Industrial Facilities Exemption Certificate?**

Yes, under the following conditions:

1. The length of the lease must be as long as or longer than the length of the certificate to be granted.

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<sup>1</sup> See MCL 207.564 regarding the calculation of the industrial facility tax for new and replacement facilities.

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2. The lessee must have the tax liability for the length of the certificate to be granted. (Any indication that the taxes are being paid “as additional rent” is not acceptable.)

**25. Can an Industrial Facilities Exemption Certificate (IFEC) be transferred to a new owner?**

Yes. MCL 207.571 states as follows:

“An industrial facilities exemption certificate may be transferred and assigned by the holder of the industrial facilities exemption certificate to a new owner or lessee of the facility but only with the approval of the local governmental unit and the commission after application by the new owner or lessee, and notice and hearing in the same manner as provided under section 5 for the application for a certificate.”

Once the application for transfer has been presented to the local unit, they must review the application and issue a decision after a review of the prerequisites and qualifications contained in MCL 207.559. If the local unit denies the application, the applicant may appeal to the State Tax Commission (STC), pursuant to MCL 207.556. If the local unit approves the application, the STC must make a decision pursuant to MCL 207.557. If the local unit disapproves the application and the taxpayer files an appeal with the STC within 10 days, the STC shall review the facility to determine if it meets the qualifications in MCL 207.559. If the STC denies the approval, the applicant may appeal pursuant to the Administrative Procedures Act (APA).

The STC has allowed a shortened procedure for transfers when they involve a name change only. This is the case when the ownership remains exactly the same and the activity at the facility remains the same. The only change is in the name of the owner. Certain mergers and restructuring may also qualify for this shortened procedure. Please contact the Tax Exemption Section at (517) 373-2408 with questions regarding transfers involving a name change, mergers, and restructurings.

**26. Company “A” has an Industrial Facilities Exemption Certificate that was issued a year ago. They have purchased new equipment that qualified for exemption. Is it more advantageous to add this new equipment to the existing Exemption Certificate or apply for a new exemption certificate for this equipment?**

As long as the new equipment is purchased within the two-year post construction period from the effective date of the original issuance of the certificate, the equipment may be added by amending the existing certificate. If the new equipment purchase is closer to the end of the two-year post construction period from the effective date of the original issuance of the certificate, it may be more advantageous to apply for a new certificate for this equipment thereby attaining a greater number of years of exemption than could be gained by an amendment.

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**27. Is there a limit on the amount of time that an applicant can take to complete a project?**

Yes. MCL 207.565 states that a certificate can be revoked if the project has not been completed in a two-year time period from the issuance of the certificate. STC Rule No. 53 allows for a one-year extension of time to complete a project. If a resolution is received by the State Tax Commission (STC) and it does not specifically state that the local unit is granting a three-year construction completion period, the assumption is made that the local unit is only granting a two-year construction completion period. Companies may obtain a third year to complete construction through a resolution by the local governmental unit granting a one-year extension of time as outlined in STC Rule No. 53. Upon receipt of a request for an extension, the local unit may: (a) deny the request; (b) approve the request with no change in the ending date of the certificate issued; or (c) approve the extension of time for the completion of the project and a revised ending date on the certificate. Depending upon the outcome at the local level, the request for an extension of time for the completion of a project shall be filed with the commission by the certificate holder and shall be accompanied by a resolution of approval adopted by the local governmental unit. Please see MCL 207.557a for the construction period of a facility whose cost will exceed \$150,000,000 of state equalized value.

**28. What happens when the cost or the size of the project turns out to be greater than what was stated on the original application?**

The Property Services Division (PSD) staff distinguishes between an increase in costs versus an amendment to the project. For example, if the original application listed 10 computers at a total cost of \$20,000, but it turns out that the 10 computers cost a total of \$25,000 that is an increase in costs. However if the original application listed 10 computers at a total cost of \$20,000 but it turn out that 20 computers were purchased at a total cost of \$40,000, that is determined to be an amendment.

If there is an increase in costs of the project that exceeds the original approved amount by 10% or less, it is not necessary for the local unit to approve the new amount. If the increase is greater than 10%, the procedures in STC Rule No. 54 must be followed. STC Rule No. 54 states that the certificate holder shall request that the local governmental unit approve the revised cost if greater than 10% over the original approved amount. If the local unit approves the revised cost, the holder of the certificate shall request that the commission issue a revised certificate. The request shall be accompanied by a copy of the resolution of approval adopted by the local governmental unit.

When additional real and/or personal property components are added, an amendment to the project has occurred, and regardless of the dollar amount of the additional property, it must be approved at the local level and ultimately by the STC.

**29. Can an Industrial Facilities Exemption Certificate (IFEC) be revoked? If yes, who holds the authority to do so?**

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Yes. MCL 207.565 provides for the revocation of an IFEC. MCL 207.565(1) addresses requests for revocations initiated by the holder of the certificate. MCL 207.565(2) addresses requests for revocation initiated by the local governmental unit and includes specific reasons why a certificate may be revoked. In either case, only the State Tax Commission (STC) has the authority to revoke a certificate.

A party aggrieved by a revocation by the STC may appeal the revocation under the provisions of the Administrative Procedures Act (APA). The APA provides that a request for a rehearing of an STC decision should be filed, in writing, within 60 days from the date the STC mailed the notice of revocation.

In a related matter, MCL 207.563(2) provides for automatic termination of an IFEC when the Industrial Facility Tax on real property has not been paid. Please see MCL 207.563 for the procedure to be followed.

**30. When does the revocation of an Industrial Facilities Exemption Certificate (IFEC) take effect?**

The revocation of an IFEC is effective the December 31<sup>st</sup> of the year in which the State Tax Commission (STC) revoked the certificate.

**31. If a company announces that it will cease operations in the coming year, will the State Tax Commission (STC) approve the revocation of that company's Industrial Facilities Exemption Certificate (IFEC) for the tax day prior to the actual cessation of operations?**

No. In a recent case matching these circumstances, the STC ruled that an IFEC could not be revoked as of December 31, 1997 even though it was announced during 1997 that operations would cease as of February, 1998.

**32. Is there a limit to the application fee that may be charged by a local unit of government for the cost of processing the application for an Industrial Facilities Exemption Certificate (IFEC)?**

Yes. MCL 207.555(3) specifically limits the amount of an exemption certificate application fee that may be charged by a unit of local government to the lesser of the actual cost of processing the application or 2% of total property taxes abated during the term that the exemption certificate is in effect and specifically prohibits local units of government from charging applicants any other fee.

Local units may not require, as a condition precedent to approving an IFEC application, that applicants make or promise to make payments to the local unit. Whether referred to as fees, payments in lieu of taxes, donations, or another name, such payments are



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contrary to the legislative intent of PA 198 of 1974. [See STC Bulletin 3 of 1998, at [www.michigan.gov/propertytaxexemptions](http://www.michigan.gov/propertytaxexemptions)].

**33. What is the definition of “Industrial Property”?**

MCL 207.552(6) defines “Industrial Property” as:

land improvements, buildings, structures, and other real property and machinery, equipment, furniture, and fixtures or any part or accessory whether completed or in the process of construction comprising an integrated whole, the primary purpose and use of which is:

- a. the engaging in a high-technology activity;
- b. operation of a strategic response center;
- c. operation of a motorsports entertainment complex;
- d. operation of a logistical optimization center;
- e. operation of a qualified commercial activity;
- f. operation of a major distribution or logistics facility;
- g. the manufacture of goods or materials;
- h. creation of synthesis of biodiesel fuel;
- i. the processing of goods and materials by physical or chemical change<sup>2</sup>;
- j. property acquired, constructed, altered, or installed due to the passage of Proposal A in 1976;
- k. the operation of a hydroelectric dam by a private company other than a public utility;
- l. agricultural processing facilities;
- m. facilities related to a manufacturing operation under the same ownership, including but not limited to, office, engineering,

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<sup>2</sup> “Manufacture of goods or materials” or “processing of goods or materials” means any type of operation that would be conducted by any entity included in the classifications provided by Section 31-33 – Manufacturing, of the North American Industry Classification System – United States (1997), published by the Office of Management and Budget, regardless of whether the entity conducting that operation is included in that manual.

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research and development, warehousing, or parts distribution facilities;

- n. research and development laboratories of companies other than those companies that manufacture the products developed from their research activities;
- o. research development laboratories of a manufacturing company that are related to the products of the company;
- p. an electric generating plant that is not owned by a local unit of government, including, but not limited to, an electric generating plant fueled by biomass, if the application is approved by the legislative body of a local governmental unit between June 30, 1999 and December 31, 2007;
- q. convention and trade centers in which construction begins not later than December 31, 2010 and is over 250,000 square feet in size or, if located in a county with a population of more than 750,000 and less than 1,100,000 is over 100,000 square feet in size or, if located in a county with a population of more than 26,000 and less than 28,000, is over 30,000 square feet in size;
- r. a federal reserve bank operating under 12 USC 341, located in a city with a population of 750,000 or more.

**Note:** Industrial property may be owned or leased. However, in the case of leased property, the lessee must be liable for payment of ad valorem property taxes and shall furnish proof of the liability.

Industrial property does not include any of the following:

- a. land;
- b. property of a public utility other than an electric generating plant that is not owned by a local unit of government for which an application was approved by the legislative body of a local governmental unit between June 30, 1999 and December 31, 2007;  
or
- c. inventory.

**34. What is the definition of “obsolescence”?**

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The assessor must make a recommendation to the local governing unit that 50% or more of the property to be contained in a Plant Rehabilitation District (PRD) is obsolete. “Obsolete industrial property” is defined in MCL 207.552(7) as:

“... industrial property the condition of which is substantially less than an economically efficient functional condition.”

“Economically efficient functional condition” is further defined in MCL 207.552(8) as:

“... a state or condition of property the desirability and usefulness of which is not impaired due to changes in design, construction, technology, or improved production processes, or from external influencing factors which make the property less desirable and valuable for continued use.”

The following are examples of the restoration of obsolete industrial property from MCL 207.553(6):

Restoration includes major renovation including but not necessarily limited to the improvement of floor loads, correction of deficient or excessive height, new or improved building equipment, including heating, ventilation, and lighting, reducing multistory facilities to 1 or 2 stories, improved structural support including foundations, improved roof structure and cover, floor replacement, improved wall placement, improved exterior and interior appearance of buildings, improvements or modifications of machinery and equipment to improve efficiency, decrease operating costs, or to increase productive capacity, and other physical changes as may be required to restore the industrial property to an economically efficient functional condition, and shall include land and building improvements and other tangible personal property incident to the improvements.

When the planned improvements are less than 10% of the true cash value of the industrial property, the improvements are considered delayed maintenance and not considered restoration. (MCL 207.553(6).)

**35. What are some of the special provisions that apply to speculative buildings?**

MCL 207.553(8) defines a “speculative building” as:

“Speculative Building means a new building that meets all of the following criteria and the machinery, equipment, furniture, and fixtures located in the new building:

- a. the building is owned by or approved as a speculative building by resolution of a local governmental unit in which the building is

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located or the building is owned by a development organization and located in the district of the development organization.

- b. the building is constructed for the purpose of providing a manufacturing facility before the identification of a specific user of that building.
- c. the building does not qualify as a replacement facility.”

Subsection 8(b) requires that a speculative building be constructed before a specific user is identified. This law does not require that a building be approved by the local governmental unit before identification of the specific user.

The following are additional requirements specific to speculative buildings:

- a. that the speculative building was constructed less than 9 years before the filing of the exemption certificate.
- b. that the speculative building has not been occupied since the completion of construction.

**Important note:** It is sometimes advantageous to divide a speculative building into several smaller units rather than having the entire building as one unit. (*e.g.*, if a 50,000 square foot building is designed to be occupied by 5 separate users, but it is only approved as a single speculative building, after the first user takes occupancy, the building may no longer qualify as speculative for future occupants because it may no longer qualify under paragraph b, above.)

**36. Where can I find information regarding the Industrial Facilities Exemption Certificate (IFEC) application process?**

Information regarding the application process can be found on the Department of Treasury website at: [www.michigan.gov/propertytaxexemptions](http://www.michigan.gov/propertytaxexemptions).

**37. Where can I obtain copies of previously issued Industrial Facilities Exemption Certificates?**

Copies of certificates acted upon by the State Tax Commission after January 1, 2013, are available on the Department of Treasury website at: [www.michigan.gov/propertytaxexemptions](http://www.michigan.gov/propertytaxexemptions) . Choose the exemption program under which the certificate was issued. Within the “Certificate Activity” link, the certificates are listed according to the date they were acted upon.

**38. Where can I check on the status of an Industrial Facilities Exemption application?**

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The status of an application is available through a query tool on the Department of Treasury website at: [www.michigan.gov/propertytaxexemptions](http://www.michigan.gov/propertytaxexemptions) . Choose the Industrial Facilities Exemption (IFE) program. Then select the Industrial Facilities Application/Certificate Search link.

## Appendix B: IFT Abatement History in Coopersville City Council Minutes

### **1979–214 — General Motors, Diesel Equipment Division, 12 yrs.**

It was moved by Councilman Metten and supported by Councilman Brookhouse to adopt resolution granting General Motors Corporation an industrial facilities exemption certificate for their proposed plant to be located in Coopersville. Carried unanimously. (214-79 – June 18, 1979 special meeting)

**1987–06-08-457** – a resolution to declare General Motors Tax Abatement No. 79-215 (sic) ending date as Dec. 31, 1992.

**1991-02-25-287** - It was moved by Councilmember Manthei and supported by Councilmember Whitman to adopt Resolution 91-02-25-287, a resolution to declare General Motors Tax Abatement No. 79-215 (sic) ending date as December 31, 1992. Carried unanimously (91-0225-287)

### **1985–253 — Rochester Projects Division-General Motors Corporation**

It was moved by Councilmember Trowbridge and supported by Councilmember Whiteman to adopt resolution 85-02-11-253, a resolution approving Rochester Products Division-General Motors Corporation Facilities Exemption Certificate. A roll call was taken as follows: Rebentisch – yes; Harris – yes; Laug – yes; Trowbridge – yes; Whiteman – yes; Metten – yes; Mayor McCormick – yes. Motion carried unanimously. (85-02-11-253)

### **1986–04–14–286 — Ottawa Custom Woods Products**

It was moved by Councilmember Rebentisch and supported by Councilmember Harris to approve resolution 86-04-14-286, to approve an Industrial Facilities Tax Exemption Certificate for Ottawa Custom Woods Products. All yes. Carried unanimously. (86-04-14-286)

### **1986–07–28–026 — Ottawa Custom Woods**

It was moved by Councilmember Laug and supported by Councilmember Metten to adopt resolution 86-07-28-026, a resolution granting an Industrial Facilities Tax Exemption Certificate for Ottawa Custom Woods. Carried unanimously. (86-07-28-026)

### **1987–03–09–371 —Heath Manufacturing**

It was moved by Councilmember Rebentisch and supported by Councilmember Laug to adopt Resolution 87-03-09-371, a resolution to grant an Industrial Facilities Tax Exemption Certificate for new facility for Heath Manufacturing. Carried unanimously. (87—03—09—371)

### **1987–06–08–457\* Amend Rochester Products IFT**

It was moved by Councilmember Metten and supported by Councilmember Manthei to approve resolution 87-06-08-457, a resolution to amend Rochester Products **IFT Certificate 85-068**. Motion carried with Rebentisch voting no and Brown abstaining because he had a direct personal conflict in the matter. (87—06—08—457)

**85-04-08-331:** It was moved by Councilmember Harris and supported by Councilmember Laug to file a survey with the Department of Treasury reference to Rochester Products Division – GMC application for IFT exemption certificate 85-068 expressing that the approval of this application would not harm impair the financial soundness of the City of Coopersville. Carried unanimously.

\* This is not a council resolution number. It is likely the State assigned number.

**1987-09-14-091 — Ottawa Custom Wood Products (12 yrs.)**

It was moved by Councilmember Brown and supported by Councilmember Metten to adopt resolution 87-09-14-091, a resolution to grant a twelve year, 50%, Industrial Facilities tax exemption certificate to Ottawa Custom Wood Products. Motion carried with Manthei voting no. (87-09-14-091)

**1989-01-09-187 — General Motors Corporation (Personal, 12 yr.)**

It was moved by Council member Brown and supported by Councilmember Shepherd to approve resolution 89-01-09-187, a resolution to grant an Industrial Facilities Tax abatement to General Motors Corporation on new equipment. Roll call as follows: Yes-Shepherd, Metten, Brown, Laug. No-Bush, Manthei, Place. Motion carried. (89-01-09-187)

**1991-03-25-314 — Heath (Real, 12 yrs.; Personal, 12 yrs.)**

It was moved by Councilmember Metten and supported by Councilmember Place to adopt resolution 91-03-25-314, a resolution for Heath Manufacturing Company Industrial Facilities Tax Exemption certificate for a new facility for twelve years. Roll call: Parish=yes; Manthei=no; Place=yes; Metten=yes; Whitman=no; Mayor Laug=yes. Motion carried. (91-03-25-314)

**1992-185 — Best Packaging (Real, 50% for 12 yrs.; Personal, 50% for 6 yrs.)**

It was moved by Councilmember Repper and supported by Councilmember Place to adopt Resolution 92-185 to approve request for Tax Abatement for Best Packaging for real property at 50% for 12 years and personal property at 50% for 6 years. Carried unanimously (92-185)

**1993-131 — AC Rochester (Real-12 yrs.; Personal-6 yrs.)**

It was moved by Councilmember Parish and supported by Councilmember Fisher to authorize the requested 50% tax abatement for AC Rochester for a period of 12 years on Real Property and 6 years on Personal Property with the abatement beginning on 12/31/94. Following further discussion Councilmember Fisher with support from Councilmember Bush amended the motion. The amended motion to authorize a 50% tax abatement for a period of 12 years for Real Property to begin 12/31/93 and a 50% tax abatement for a period of 6 years for Personal Property to begin 12/31/94 Carried unanimously (**93-131**) Parish yes; Bush yes; Fisher yes; Place yes; Sanford yes; Scherff yes; Mayor Laug yes.

It was moved by Councilmember Scherff and supported by Councilmember Parish to amend Resolution No. 93-131. granting AC Rochester a Facilities Exemption Certificate. The amendment changed the period of the personal property abatement from six (6) years to seven (7) years and the starting date from December 31, 1994 to December 31, 1993. Carried unanimously (**93-145**)



**1993–191 — AC Rochester/Delphi (Real, 12+2; Personal, 7+2)**

It was moved by Councilmember Parish and supported by Councilmember Fisher to authorize the requested 50% tax abatement for AC Rochester for a period of 12 years on Real Property and 6 years on Personal Property with the abatement beginning on 12/31/94. Following further discussion Councilmember Fisher with support from Councilmember Bush amended the motion. The amended motion to authorize a 50% tax abatement for a period of 12 years for Real Property to begin 12/31/93 and a 50% tax abatement for a period of 6 years for Personal Property to begin 12/31/94 Carried unanimously (93-131) Parish yes; Bush yes; Fisher yes; Place yes; Sanford yes; Scherff yes; Mayor Laug yes.

**1993–328 — Midwest Fabricating (DeClarke Inc.?) (Real, 12 yrs.)**

It was moved by Councilmember Bush and supported by Councilmember Scherff to approve transfer of Midwest Fabricating's remaining 7 years of a 12 year personal property tax abatement from Grand Rapids. Carried unanimously (93-328)

**1994–230 — BK Hardwoods (Real, 12 yrs.; Personal, 6 yrs.)**

It was moved by Councilmember Repper and supported by Councilmember Sanford to adopt a resolution for an Industrial Facilities Tax Exemption Certificate for BK Hardwoods, 12 years for real property and 6 years for personal property. The IF Certificate I contingent upon B.K. Hardwood LTD and the City reaching an agreement on the Letter of Agreement. Carried unanimously (94-230).

**1995–114 — Delphi Automotive Systems – G.M. Inc. (Real, 12 yrs.; Personal, 6 yrs.)**

It was moved by Council Member Repper and supported by Council Member Sanford to approve Delphi Automotive Systems - G.M. Inc. Industrial Facilities Tax Exemption Certificate for a new facility for 12 years on real property for \$1,300,000 and 6 years on personal property for \$14,351,000. Roll call was as follows: Wolfsen-yes, Bush-yes, Fisher-yes, Repper-yes, Sanford-yes, Scherff-yes, Mayor Laug-yes. Motion carried unanimously. (95-114)

**95–333\*** — is listed on Master File plan as a Delphi IFT in Box 20A

It was moved by Councilmember Brown and supported by Councilmember Fisher to open a Public Hearing on the transfer of Industrial Facilities Tax Exemption Certificates 89-018, 93-191, 95-333 and 97-244 to Delphi Automotive Systems, LLC. Carried unanimously. (99-219)

It was moved by Council Member Parish and supported by Council Member Scherff to approve Resolution #99-241, the transfer of Industrial Facilities Tax Exemption Certificates 89-018, 93-191, 95-333 and 97-244 to Delphi Automotive Systems, LLC. Council Members Fisher, Place, Scherff, Parish and Mayor Bush voted yes, with Council Member Brown abstaining. Motion carried unanimously. (99-241)

**1996–063 — Best Packaging, Inc. (Real, 12 yrs.; Personal, 6 yrs.)**

Motion by Council Member Bush and supported by Council Member Wolfsen to approve Best Packaging, Inc.'s request for Industrial Facilities Tax (1FT) Exemption Abatement for 12 years on real property and 6 years on the personal property. Carried unanimously. (95-063)

**1996–004 — Recycletech (Real, 12 yrs.; Personal, 6 yrs.)**

It was moved by Councilmember Fisher and supported by Councilmember Scherff to approve the Industrial Facilities Tax Exemption Resolution for 12 years on real property and six years on personal property, and Tax Abatement Agreement between the City of Coopersville and Recycletech, Inc. with provisions for odor and noise control. Carried unanimously. (96-004)

**1997-244\***

Motion by Council member Vander Kolk with second by Council member Whitman to approve Continental Dairy Products, Inc.'s request to transfer the Industrial Facilities Tax exemption certificate #1997-244 from Delphi Automotive Systems to Continental Dairy Products, Inc. for real property. Motion carries with Cradle voting no. (2009-091)

\* This is not a council resolution number. It is likely the State assigned number.

**1998–047 — Amstore Corporation (Personal, 6 yrs.)**

It was moved by Councilmember Sanford and supported by Councilmember Bush to approve Resolution #98-049, a resolution to approve an Industrial Facilities Tax Exemption Certificate for six (6) years for new personal property that will be installed at Amstore Corporation. ROLL CALL-YEAS: Councilmember Bush, Place, Sanford, Scherff, and Mayor Laug. Carried unanimously. (98-049)

**1999–177 — Mark Pack (Real, 12 yrs.; Personal, 6 yrs.)**

It was moved by Councilmember Fisher and supported by Councilmember Brown to approve resolution number 99-177, a resolution to approve an Industrial Facilities Tax Exemption for Mark Pack Inc. for 12 years on real property and 6 years on personal property tax. Roll call vote was cast with all members voting yes. Carried unanimously. (99-177)

**1999–242 Delphi Automotive Systems (Personal, 9+2 yrs.)**

It was moved by Council Member Parish and supported by Council Member Fisher to approve Resolution #99-242, granting Delphi Automotive Systems, LLC, an Industrial Facilities Tax Exemption Certificate for a new equipment investment. Council approved a nine year abatement with an 18 month installment period. Council Members Fisher, Place, Scherff, Parish and Mayor Bush voted yes, with Council Member Brown abstaining. Motion carried unanimously. (99-242)

**1999-604\* is listed on Master File plan as a Delphi IFT in Box 20A**

**2000–47 Central Michigan Hardwoods (Personal, 6 yrs.)**

It was moved by Councilmember Fisher and supported by Councilmember Brown to approve six-year tax abatement for Central Michigan Hardwoods for new machinery and equipment. Carried unanimously.

**2000–157 — Central Michigan Hardwoods (Real, 12 yrs.; Personal, 6 yrs.)**

It was moved by Councilmember Parish and supported by Councilmember Scherff to approve a 12 year Industrial Facilities Tax exemption on new real property and 6 year exemption for new personal property for Central Michigan Hardwoods. Carried unanimously. (2000-157)

**2000–158 — West Shore Services (Real, 12 yrs.; Personal, 6 yrs.)**

It was moved by Councilmember Scherff and supported by Councilmember Fisher to approve a 12 year Industrial Facilities Tax exemption on new real property and 6 year exemption for new personal property for West Shore Services. Carried unanimously. (2000-158)

**2000–214 Delphi Automotive (Personal, 9 yrs.)**

It was moved by Councilmember Fisher and supported by Councilmember Hardenburgh to approve the resolution to grant an Industrial Facilities Tax Exemption on installation of personal property valued in the amount of \$7,806,613.00 for nine (9) years to Delphi Automotive. Motion carried with Councilmember Brown abstaining. (2000-214)

**2000–234 — Midwest Machining (dba SelfLube) (9 yrs.)**

Councilmember Fisher, with support from Councilmember Hardenburgh, moved to approve the resolution to grant an Industrial Facilities Tax Exemption for nine (9) years to Midwest Machining, Inc. (d.b.a. SelfLube). Carried unanimously. (2000-234)

**2000–304\* is listed on Master File plan as a Delphi IFT in Box 20A**

\* This is not a council resolution number. It is likely the State assigned number.

**2002–235 — Best Packaging (Personal, 9 yrs.)**

Motion by Councilmember Brown and second by Councilmember Fisher to approve a nine-year tax abatement for equipment valued at \$295,000 for Best Packaging, Inc. Carried unanimously. (2002-235)

**2002–236 — Midwest Machining (dba SelfLube) ( Real, 12 yrs.; Personal, 9 yrs.)**

Motion by Councilmember Feliciano and second by Councilmember Scherff to approve a twelve-year tax abatement on real property valued at \$1,050,000 and a nine-year tax abatement on personal property valued at \$940,000 for Midwest Machining, Inc. (d.b.a. SelfLube). Carried unanimously. (2002-236)

**2003–04 — *probably* Delphi Corporation (Personal, 9+2 yrs.)**

Motion by Councilmember Fisher and second by Councilmember Scherff to approve a nine-year plus two-year installation period Industrial Facilities Tax Exemption for \$4,836,000 in new equipment. Yes: Fisher; Scherff; Hardenburgh; Feliciano; Bush. No: Sprague. Abstain: Brown. Motion Carried. (2003-04)

*Is probably Delphi as public hearing was at same meeting:*

Motion by Councilmember Hardenburgh and second by Councilmember Fisher to open the public hearing to receive citizen input regarding the IFT request from Delphi Corporation for new equipment. Carried unanimously. (2003-02)

**2003-054\* is listed on Master File plan as a Delphi IFT in Box 20A**

**2003-188 probably Philips Machining Company (Real (transfer); Personal, 6 yrs.)**

Motion by Council member Fisher with second by Council member Scherff to approve a six-year Industrial Facilities Tax Exemption for personal property equipment valued at \$468,500. Motion carries with Council member Sprague voting no. Carried unanimously. (2003-188)

*Is probably Philips; public hearing at same meeting:*

Motion by Council member Sprague with second by Council member Fisher to open the public hearing on Philips Machining Company's request for Industrial Facilities Tax Exemption transfer for real property (Certificate #1993-628) and new IFT for personal property equipment. Carried unanimously. (2003-184)

**2003-295 — probably Delphi Corporation (Personal, 9+2 yrs.)**

Motion by Council member Scherff with second by Council member Whitman to approve a nine-year Industrial Facilities Tax Exemption, plus two-years installation in respect to new personal property equipment valued at \$6,024,005. Motion carries with Council member Sprague voting no. (2003-295)

*Is probably Delphi; public hearing at same meeting:*

Motion by Council member Sprague with second by Council member Vander Kolk to open the public hearing on Delphi Corporation's request for Industrial Facilities Tax Exemption for new personal property. Carried unanimously. (2003-293)

**2003-592\* is listed on Master File plan as a Delphi IFT in Box 20A**

\* This is not a council resolution number. It is likely the State assigned number.

**2004-066 — Accucam Inc. (Real, 12 yrs.; Personal, 9 yrs.)**

Motion by Council member Scherff with second by Council member Fisher to approve Accucam Inc.'s request for a twelve-year Industrial Facilities Tax Exemption for new real property equipment valued at \$582,406, and a nine-year Industrial Facilities Tax Exemption for new personal property valued at \$180,000. Motion carried unanimously. (*sic*)

**2004-195 Saturn Electronics & Engineering (Real, 12 yr.; Personal, 9 yrs.)**

Motion by Council member Fisher with second by Council member Whitman to approve Saturn Electronics & Engineering, Inc.'s request for a twelve-year Industrial Facilities Tax Exemption for new real property (\$1,960,000) and a nine-year Industrial Facilities Tax Exemption for new personal property (\$10,737,000). Carried unanimously. (2004-195)

**2004–224 Philips Machining Company (Personal, 9 yrs.)**

Motion by Council member Fisher with second by Council member Salinas to approve Philips Machining Company, Inc.'s request for a nine-year Industrial Facilities Tax Exemption for new personal property (\$550,000). Carried unanimously. (2004-224)

**2004–256 — Central Michigan Hardwoods (Personal, 6 yrs.)**

Motion by Council member Fisher with second by Council member Sprague to approve Central Michigan Hardwoods' request for an Industrial Facilities Tax Exemption for new personal property (\$85,310) for a period of six years. Carried unanimously. (2004-256)

**2005–70 — Delphi Corporation (Personal, 9 yrs.)**

Motion by Council member Fisher with second by Council member Salinas to approve the Industrial Facilities Tax exemption (IFT) for Delphi Corporation for new personal property totaling \$5,022,100.00 for a period of nine years. Carried unanimously. (2005-70)

**2005–71 — Reeves Plastics (Real, 12 yrs.)**

Motion by Council member Sprague with second by Council member Scherff to approve the Industrial Facilities Tax exemption (IFT) for Reeves Plastics for real property totaling \$1,000,000.00 for a period of twelve (12) years. Carried unanimously.

**2005–72 — Reeves Plastics (Personal, 9 yrs.)**

Motion by Council member Fisher with second by Council member Sprague to approve the Industrial Facilities Tax exemption (IFT) for Reeves Plastics for personal property totaling \$177,000.00 for a period of nine years. Carried unanimously.

**2005-072\* is listed on the Master File plan as being in the Delphi Automotive Systems (GM) box 20A.**

\* This is not a council resolution number. It is likely the State assigned number.

**2005–162 — Conveyor Concepts (Real, 12 yrs.)**

Motion by Council member Sprague with second by Council member Scherff to approve the Industrial Facilities Tax exemption (IFT) for Conveyor Concepts of Michigan, LLC for real property totaling \$134,161 for a period of twelve years. Carried unanimously.

**2005–163 — Conveyor Concepts (Personal, 9 yrs.)**

Motion by Council member Scherff with second by Council member Sprague to approve the Industrial Facilities Tax exemption (IFT) for Conveyor Concepts of Michigan, LLC for new personal property totaling \$43,215 for a period of nine years. Carried unanimously.

**2005–248 — Central Michigan Hardwoods (Personal, 9 yrs.)**

Motion by Council member Fisher with second by Council member Scherff to approve the Industrial Facilities Tax exemption (IFT) for Central Michigan Hardwoods, Inc. personal property totaling \$336,100 for a period of 9 years. Carried unanimously.

**2008–115 — Saturn Electronics & Engineering (Personal, 12 yrs.)**

Motion by Council member Whitman with second by Council member Scherff to approve Saturn Electronics & Engineering, Inc.'s request for Industrial Facilities Tax Exemption for personal property totaling \$24,611,374.00 for a period of 12 years. Motion carries with Sprague and Cradle voting no. (2008-115)

**2008–244 — Aggressive Tool & Die (Real, 12 yrs)**

Motion by Council member Whitman with second by Council member Scherff to approve Aggressive Tool & Die, Inc.'s request for Industrial Facilities Tax Exemption for real property totaling \$1,026,814 for a period of 12 years. Carried unanimously. (2008-244)

**2008–245 — Aggressive Tool & Die (Personal, 12 yrs.)**

Motion by Council member Whitman with second by Council member Meintsma to approve Aggressive Tool & Die, Inc.'s request for Industrial Facilities Tax Exemption for personal property totaling \$365,000 for a period of 12 years. Motion carries with Sprague voting no.

**2009–092 — Continental Dairy Products (Real, 12 yrs.)**

Motion by Council member Scherff with second by Council member Vander Kolk to approve Continental Dairy Products, Inc.'s request for an Industrial Facilities Tax exemption for new real property totaling \$41,000,000 for 12 years. Motion carries with Cradle voting no.

**2009–093 — Continental Dairy Products (Personal, 12 yrs.)**

Motion by Council member Whitman with second by Council member Vander Kolk to approve Continental Dairy Products, Inc.'s request for an Industrial Facilities Tax exemption for new personal property totaling \$49,800,000 for 12 years. Motion carries with Cradle voting no.

**2009–365\***

\* This is not a council resolution number. It is likely the State assigned number.

**2010–121 — Port City Racing (*probably personal-new equipment, 12 yrs.*)**

Motion by Council member Vander Kolk, with second by Council member Lloyd to approve the IFT for Port City Racing, Inc. for twelve (12) years. Council member Cradle stated that he was very impressed and encouraged by Port City's performance, and their hiring of local people. Council member Cradle also explained to Mr. Keyser of Port City Racing why he does not vote for tax breaks. Motion carried with the following roll call vote:

Yea – Council members Allen, Lloyd, Meintsma, Vander Kolk, \*Correction: Motion by Council member Allen with second by Council member Lloyd to approve these minutes with the following correction: Mayor Pro Tempore Whitman voted yes on the motion to approve the IFT for Port City Racing at the June 14, 2010 meeting. Carried unanimously.

Nay – Council member Crandle

Abstain – None

Absent – Mayor Ken Bush

Motion by Council member Vander Kolk with second by Council member Lloyd to open the Public Hearing for request for an Industrial Facilities Tax Exemption certificate from Port City Racing, Incorporated. Carried unanimously. Hearing opened at 7:03 P.M. **(2010-119)**

*Public Hearing, I.F.T. for Port City Racing, Inc.:*

Scott Keyser, President of Port City Racing explained that his business is primarily manufacturing, and distributing parts and accessories for use in the racing industry, and also that the purpose of their move to Coopersville in November of 2009 was for the opportunity to expand their manufacturing operations. Mr. Keyser stated that with the purchase of the new equipment that he has proposed in his request for the Industrial Facilities Tax Exemption it will allow their business to cut down on the amount of work that is currently outsourced and add new products to their current line, estimating the addition of eight (8) new jobs or positions to their workforce upon completion.

City Manager, Steven Patrick stated that Mr. Keyser has followed through with all commitments that he had previously set forth for Port City Racing, Inc., and that he is also very involved in the community events and car show.

#### **2011-080 — Port City Racing (probably personal, 12 yrs.)**

Motion by Council member Allen with second by Council member Meintsma to approve the Industrial facilities Tax Exemption for \$822,553.00 for twelve (12) years for Port City Racing. Opposed-Crandle. Motion Carried. (2011-080)

*Per the public hearing at same meeting:*

Scott Keyser from Port City Racing addressed the Council members regarding his request for an Industrial Facilities Tax Exemption for \$822,553.00 worth of new equipment he has added to his facility. The request was for twelve (12) years, and an additional ten (10) jobs will be added in the next two (2) years. Mr. Keyser's five (5) year plan is to have over one hundred (100) employees.

#### **2011-105 — Reeves Plastics (probably personal, new machinery) 8 yrs.**

Motion by Council member Vander Kolk with second by Council member Lloyd to adopt the resolution to approve Reeves Plastic's IFT exemption request for \$36,400.00 for eight (8) years. Motion carried with Crandle opposing. (2011-105)

Motion by Council member Vander Kolk with second by Council member Lloyd to open the "Public Hearing" at 7:04 P.M. for Reeves Plastics IFT request for new machinery for \$36,400.00 for 12 years. Mr. Reeves explained the purpose of the new machinery was to produce parts for marine fuel systems for Brunswick.

**2012–030 — Reeves Plastics (Personal, 12 yrs.)**

Motion by Council member Allen with second by Council member Lloyd to approve the resolution for Reeves Plastics, LLC Industrial Facilities Tax exemption for personal property totaling \$75,443.00 for twelve (12) years. Motion carried with Council members Ward and Crandle opposing. (2012–030)

**2012–089 — Alliance Analytical Laboratories (Real, 12 yrs.; Personal, 12 yrs.)**

Motion by Council member Allen with second by Council member Lloyd to approve the resolution for Alliance Analytical Laboratories, Inc. request for an Industrial Facilities Tax Exemption for Real Property \$261,000.00 and Personal Property and Equipment \$182,500.00, totaling \$444,100.00 for twelve (12) years. Motion carried with Council members Crandle and Ward opposing.

**2012–119 — Fair Oaks Farm Brands (Select Milk Producers Inc.) (Real, 12 yrs.; Personal, 12 yrs.)**

Motion by Council member Lloyd with second by Council member Meintsma to approve an Industrial Facilities Tax Exemption (IFT) request for Fair Oaks Farm Brands (Select Milk Producers Inc.) for \$72,788,515.00 for Real Property and \$54,774,635.00, for Personal Property, totaling \$127,563,150.00, for twelve (12) years. Motion carried with Council member Crandle opposing. (2012-119)

**2013–159 — Port City Racing (State No. 2013–453); (Personal, 12 yrs.)**

Motion by Council member Fisher with second by Council member Vander Kolk to approve the Industrial Facilities Tax Exemption request from Port City Racing for personal property and equipment totaling \$641,711.64 for twelve (12) years. Motion carried. Opposed-Council member's Crandle and Ward. (2013-159)

**2013–179 — Ranger Die (State No. 2013–493); (Real, 12 yrs.)**

Motion by Council member Fisher with second by Council member Vander Kolk to approve the Industrial Facilities Tax Exemption request from Ranger Die, Incorporated for real property totaling \$1,830,000.00 for twelve (12) years. Motion carried with Council member Crandle opposing. (2013-179)

**2013–180 — Ranger Die (State No. 2013–493); (Personal, 12 yrs.)**

Motion by Council member Fisher with second by Council member Vander Kolk to approve the Industrial Facilities Tax Exemption request from Ranger Die, Incorporated for personal property totaling \$344,000.00 for twelve (12) years. Motion carried with Council members Ward and Crandle opposing. (2013-180)

**2013–181 — Reeves Plastics (State No. 2013–492); (Personal, 12 yrs.)**

Motion by Council member Fisher with second by Council member Vander Kolk to approve the Industrial Facilities Tax Exemption request for Reeves Plastics, LLC for personal property and equipment totaling \$231,500.00 for twelve (12) years. Motion carried with Council members Ward and Crandle opposing. (2013-181)



**2014-111 – Aggressive Tool & Die; (Real , 12 yrs.; Personal, 12 yrs.)**

Motion by Council member Fisher with second by Council member Bush to approve the resolutions and agreement for an Industrial Facilities Tax Exemption certificate for Aggressive Tool & Die Incorporated for twelve (12) years on Real Property and twelve (12) years on Personal Property for a total project cost of \$1,629,217.00. Motion carried with Council member Cradle opposing.

**2014-128 – Port City Racing (Personal, 12 yrs.)**

Motion by Council member Fisher with second by Council member Meintsma to approve the resolution and agreement for an Industrial Facilities Tax Exemption certificate for Port City Racing, Incorporated for twelve (12) years on Personal Property for a total project cost of \$787,837.47. Motion carried. Council member Ward abstained.

**2014-196 & -197 – Bekins (Real , 12 yrs.; Personal, 6 yrs.)**

Motion by Council member Ward with second by Council member Vander Kolk to approve the resolution for an Industrial Facilities Tax Abatement for Bekins Incorporated on new real property for twelve (12) years. Council member Cradle opposed. Motion carried.

Motion by Council member Vander Kolk with second by Council member Ward to approve the resolution for an Industrial Facilities Tax Abatement for Bekins Incorporated for new personal property for six (6) years. Council member Cradle opposed. Motion carried.

**2014-219 & -220 – Fairlife (Real, 12 yrs.; Personal, 12 yrs.)**

Motion by Council member Fisher with second by Council member Meintsma to approve the resolution for Real Property for an Industrial Facilities Tax abatement for Fairlife, LLC for \$60,421,161.00 for twelve (12) years. Motion carried. Opposed-Council member Cradle

Motion by Council member Fisher with second by Council member Vander Kolk to approve the resolution for Personal Property for an Industrial Facilities Tax abatement for Fairlife, LLC for \$57,950,284.00 for twelve (12) years. Motion carried. Opposed-Council member Cradle

**2014-221 – Fairlife (amendment) (State Certificate # 2012-250)**

Motion by Council member Fisher with second by Council member Meintsma to approve the resolution to amend existing resolution for Personal Property for Fairlife, LLC (formerly Fair Oaks Farm Brands) which substantially exceeded their earlier projection by 56%. The amount was amended from the original \$54,774,635.00 to the actual cost of \$85,209,686.00. Motion carried. Opposed-Council member Cradle.

**2015-028 & -029 – Continental Dairy (Real, 12 yrs.; Personal, 12 yrs.)**

Motion by Council member Ward with second by Council member Bush to approve the resolution for an Industrial Facilities Tax abatement for Real Property for Continental Dairy Facilities, LLC for twelve (12) years. Motion carried with Council member Cradle opposing.

Motion by Council member Vander Kolk with second by Council member Bush to approve the resolution for an Industrial Facilities Tax abatement for Personal property for Continental Dairy Facilities, LLC for twelve (12) years. Motion carried with Council member Crandle Opposing.

**2015-084 – Midwest Machining dba SelfLube (Real, 7 yrs.)**

Motion by Council member Ward with second by Council member Vander Kolk to approve the resolution for an Industrial Facilities Tax Abatement for Midwest Machining, Inc., dba SelfLube for Real Property totaling \$587,876.00 for a total of seven (7) years. Council member Meintsma stated that he has nothing against SelfLube but that the City needs to have a workshop, as he has requested in the past, to set perimeters for approving Industrial Facility Tax Abatements. Motion carried with Council members Crandle and Meintsma opposing.

## Appendix C: 2013 IFT Survey of Local Municipalities

Municipality	What is the maximum number of years you allow for an IFT?		What is your fee structure for processing an IFT?	Do you have any guidelines for the application & the abatement itself?	Are there criteria that your elected officials look at before they take action on an IFT?
	REAL	PERSONAL			
<b>Allendale Charter Twp.</b> Jerry Alkema, Supervisor	15	15	\$750	We simply use the state application form. No guidelines.	Nothing formal
<b>Grand Haven City</b> Pat McGinnis, City Manager	12	12	\$200	General impact consideration – all locations are toured by the elected body before a certificate is granted. They inspect the equipment or space first, public hearing second.	
<b>Grand Rapids City</b> Kara Wood, Economic Development Director	12	generally 8 years	2% of expected savings over the life of the IFT	We generally try to match the depreciation schedule of personal property with the IFT approval. The most important is a positive return on investment for the City, which is generally directly related to job creation.	Yes, but investment and job creation/retention and ROI are most important.  \$\$ of investment: Yes Job creation: Yes
<b>Grandville City</b> Matthew Butts, ACM	12	12		Business relations committee; meets to review and recommend	
<b>Holland City</b> Greg Robinson, ACM	12	12	\$1,300 per application	Yes, fully developed guidelines and application process.	No specific criteria other than what is included in the packet
<b>Holland Charter Twp</b> Manager: Donald Komejan	12	12	\$1,100	Yes, fully developed guidelines and application process.	Per guidelines, including jobs, land use, economic development, etc.
					<i>(continued)</i>

2013 IFT Survey of Local Municipalities (continued)

Municipality	What is the maximum number of years you allow for an IFT?		What is your fee structure for processing an IFT?	Do you have any guidelines for the application & the abatement itself?	Are there criteria that your elected officials look at before they take action on an IFT?
	REAL	PERSONAL			
<b>Hudsonville City</b> Patrick Waterman	6 +6 renewal	6	\$550	Our guidelines include a meeting with our Act 198 Committee. At that meeting the applicant must explain the need for the real and/or personal property. We also want to know the number of jobs the approval would create and the impact on our community.	The City Commission receives the information from the Act 198 Committee and the applicant is also required to be at the City Commission meeting to answer any additional questions. They do take into account the number of years a business has been in Hudsonville, and the economic impact the business has on the community now and in the future.
Lowell City Mark Howe, CM	12	12	no charge	Yes, fully developed guidelines and application process.	Per policy which includes a point system based on project evaluation, jobs, building improvements, etc.
<b>Muskegon City</b> Frank Peterson, CM	12	12	We have a formula based on investment numbers. No more than 2% of the abated taxes.	Yes, fully developed guidelines and application process.	Yes, staff provides the Commission with employment statistics and company history.
<b>Norton Shores City</b> Mark Meyers, City Administrator	12	6	\$500	The City Council has adopted a tax abatement policy by resolution. The significant terms include a claw back provision (i.e., companies that leave the city must pay back an amount equal to their abatement), consideration to terminate or amend an abatement if a company successfully appeals its' tax assessment and a requirement that companies certify their employment figures annually.	There is no formal criteria in terms of amount of investment, jobs created or the like. The council considered such criteria in the past related to a draft Act 328 (100% on personal property) policy, but declined to adopt them.

2013 IFT Survey of Local Municipalities (continued)

Municipality	What is the maximum number of years you allow for an IFT?		What is your fee structure for processing an IFT?	Do you have any guidelines for the application & the abatement itself?	Are there criteria that your elected officials look at before they take action on an IFT?
	REAL	PERSONAL			
<b>Rockford City</b> Michael Young, CM	12	12	\$500 flat fee	Per Resolution 90-8; minimum 6 jobs, point scale, additional criteria per attached.	Yes: \$\$ of investment, minimum 6 jobs created, impact on community, sq. ft., # of employees, etc.
<b>Sparta Village</b> Martin Super, Village Manager	12	12	Applicant pays postage for notifications, and for mailings	We do not have "guidelines" per se. If it is approved by the state we are fine with it. It does need to be in a identified district. So our last IFT request, we needed to establish a new district, then approve the request.	The IFT application usually outlines the amount of investment in a monetary amount for either real estate or equipment. Usually that is all the council reviews. We have not had much interest in IFTs lately because we have taken a more "hands on" approach to economic development. If every community does an IFT, it is not "economic development". We purchased land, demolished buildings, cleaned up land, and rerouted infrastructure if needed as our tools for development lately. This approach is for residential, commercial, and industrial and have tremendous results in all three sectors already.
<b>Walker City</b> Christina Trotter; Ec. Dev.	12	12	\$300 to \$1,300 based on cost of project	New IFTs automatically 12 years, others by evaluation. (per attached)	Firm commitment; quantity and quality of jobs; citizenship; development factors--ratio/percentage yields score; total score yields years of abatement.
<b>Whitehall City</b> Scott Huebler, CM	12	12	\$350	Yes, fully developed guidelines and application process.	\$\$ of investment: Job creation: # of Yrs. in Community:

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## Appendix D: City of Coopersville Application Criteria

*Note that this is the original criteria that was implemented in 1978 by the City. No revisions or changes have been made since then.*

### COOPERSVILLE'S TAX ABATEMENT PROGRAM

#### I. INTENT

The basic objective of the City's tax policies is to provide services to the citizens of our community with the lowest property taxes possible. Using correct selection criteria for industrial tax abatements can help meet that primary objective by expanding and diversifying the City's tax base. Therefore, Coopersville encourages the growth and development of its industrial base if the conditions listed below are complied with.

#### A. GENERAL REVIEW CRITERIA

The following criteria will be used by City Council to evaluate Act 198 applications:

- The project should help diversify Coopersville's industrial base.
- The project should result in additional employment opportunities for the citizens of this community.
- The project should not impair the financial condition of any governmental or school tax unit.
- The project should not overly burden the City's sewer and water system.
- The industry should be serviced by the City's sewer and water system. If these systems need to be extended to the a new or expanded facility, and if this extension will help expand sewer and water service into residential areas, and if the industrial concern is willing to pay for or share in the cost of this extension, the project will be more favorably considered by Council.
- The Council may waive the requirement to hook up to the City's sewer system if it is not economically feasible to do so, provided the applicant agrees to discharge a private sewer system monitored by the applicant and to comply with State, County, and City reporting requirements.
- The project should be environmentally sound, complementing the City's comprehensive plan, future land use plan and environmental objectives. Noise, odor, clean air, solid and hazardous waste, traffic congestion and other environmental concerns will be investigated and will be part of the decision process.
- The project should not overly burden the City's road system or negatively impact the public safety of Coopersville citizens.

- The applicant is currently meeting current financial obligations to the City, is in compliance with all applicable state and city codes and ordinances, and has no pending or current litigation against the City (including appeals to the Michigan Tax Tribunal).

The above criteria are not intended to be exhaustive. The Coopersville City Council reserves the right to consider such additional criteria as they deem necessary to meet these general objectives and which are consistent with the general health, safety, welfare and financial condition of the City of Coopersville. Periodic review of tax abatement policy is necessary to insure consistency with changing community needs and objectives.

## B. REVIEW PROCEDURES / STANDARD

### 1. Tax Abatement Review

- a. Tax abatement applications shall be properly completed and submitted to the City Clerk. The application will not be accepted until all required information has been satisfactorily submitted and all required fees have been fully paid.
- b. A tax abatement incentive application received under P.A. 198 will be referred to the City Manager for review and report. The review and report will be provided to the Council for consideration at the public hearing on the establishment of the district. The administrative review will consist of the following:
  - i. Preparation of a Project Impact Analysis which shall examine benefits and costs associated with the proposed manufacturing industry;
  - ii. Preparation of a Preliminary Environmental Analysis of the proposed manufacturing industry which will examine the availability of utilities to support the proposed land use; and any relevant environmental conditions or land, water or air resources that may be effected including impacts on adjacent properties; and
  - iii. Preparation of a Property Tax Analysis which shall estimate the taxes received by each affected taxing unit with and without the requested tax abatement incentive. The Property Tax Analysis must also specify the total abatement valuation percentage approved in the City.
- c. The City Clerk shall prepare the notices of the public hearing in accordance with the Act. In addition, the Clerk shall forward a copy of the application to all affected taxing units together with a notice of the place, date, and time of the public hearing on the creation of the district.

## II. **INDUSTRIAL DEVELOPMENT DISTRICTS/PLANT REHABILITATION DISTRICT AND ABATEMENT CONDITIONS**

- A. An Industrial Development District or Plant Rehabilitation District can be created and a certificate recommended for a new industrial development and replacement or restoration development that meets the provisions established in P.A. 198 and the extent



and configuration of such district will conform to the building foundation outline of the proposed industrial facility.

- B. Up to a twelve (12) year abatement on real property will be considered for a proposed industrial development which meets the criteria outlined under General Review Criteria and after analysis of the projects' impacts, including benefits and costs, environmental impacts, and the effect on taxing units determine that the proposed facility/restoration will benefit the community.
- C. The normal abatement period for personal property within new or replacement facilities shall be six (6) years. If the Council determines that a particular facility or restoration is of great benefit to the City, an additional period will be considered. Conversely, less than six (6) years may be granted by Council.
- D. There will be no abatements for office equipment. The City Assessor will determine which equipment will be considered office equipment.

### **III. DISSOLUTION OF INDUSTRIAL DEVELOPMENT AND PLANT REHABILITATION DISTRICTS**

- A. The City Council may, upon its own initiative, abolish a district if the Industrial Facilities Exemption Certificate application is not filed within two (2) years of the date upon which the City Council created the district or if the applicable certificate has been revoked by the State Tax Commission.
- B. Prior to the abolition of the district, a public hearing shall be held by the City Council. The City Clerk shall provide written notice of the public hearing to the owners of the property within the district and to the applicant who originally submitted the application. Written notice shall also be given to the affected taxing units. Such notice shall be provided by certified mail.
- C. If the district is abolished by the council, the City Clerk shall forward a copy of the resolution to the State Tax Commission.

### **IV. INDUSTRIAL FACILITIES EXEMPTION CERTIFICATES**

- A. Following the creation of the district, an industrial facilities exemption certificate application shall be submitted to the City Clerk for inclusion on the city Council agenda.
- B. The City Clerk shall notify the affected taxing units of the date, place and time of the hearing in accordance with statute.
- C. Subsequent to the decision of the Council, the application and resolution shall, if approved, be forwarded to the Michigan State Tax Commission. If disapproved, the Clerk shall return the application to the applicant.

### **V. REVOCATION OR TRANSFER OF CERTIFICATES**

- A. The City Council will consider a resolution requesting the State Tax Commission to revoke the certificate if:
  - 1. The proposed industrial facility has not been completed within two (2) years after the effective date of the industrial facilities exemption certificate; or

2. The purpose for which the certificate was issued is not being fulfilled as a result of a failure of the certificate holder to proceed in good faith with the replacement, restoration, construction, or operation of the industrial facility.
- B. An industrial facilities exemption certificate may be transferred and assigned by the certificate holder to a new owner or lessee subject to a public hearing and approval of the council and the approval of the State Tax Commission as provided in the Act.

#### **VI. EXTENSION OF TWO YEAR TIME LIMIT TO COMPLETE THE FACILITY**

- A. One extension of time may be granted by the Council to complete the industrial facility.
- B. The certificate holder shall file the request with supporting information with the City Clerk in the manner specified by the State Tax Commission. The request for an extension of time to complete the facility must be filed not later than 6 months of the ending date of the certificate.
- C. The City Council may deny or approve the request for extension. Following action by the City Council, the City Clerk shall forward a copy of the resolution to the State Tax Commission.

#### **VII. MONITORING AND FOLLOW-UP**

- A. If a tax abatement incentive is approved by the City Council, and if the industrial facilities exemption certificate is approved by the State Tax Commission, follow-up reports shall be submitted by the certificate holder to the City Clerk not less than on an annual basis. The follow-up report will contain information pertaining to:
  1. The projected jobs to be created and/or retained in comparison with the actual number of full-time equivalent jobs (2,000 hours worked annually) created and/or retained. This comparison shall be in sufficient detail to determine the number of jobs created and/or retained by job classification.
  2. For certificate holders subject to a contractual agreement with the City due to the unavailability or municipal sewer utilities, a report on the discharges to the private sewer system in sufficient form and detail to ascertain environmental effects.
- B. Failure to supply the required report will result in a recommendation to the State to revoke the industrial facilities exemption certificate per VII.A.2. above.

## Appendix E:

### Active IFT Abatements as of January 16, 2014

#### Real Property

Owner's Name	Parcel Number	2014 SEV	2014 Taxable	Zone	Property Address
Central Michigan Hardwoods	70-55-44-100-496	0	0	I-1	110 S 64th Ave
Allor Real Estate LLC	70-55-44-102-471	426,900	397,113	I-1	526 O'Malley Dr.
Accucam PMC Inc	70-55-44-104-141	271,000	270,603	R-1	135 Mason Dr.
Saturn Electronics & Engineering	70-55-44-104-433	511,300	511,300	I-1	323 Skeels St.
Reeves Properties LLC	70-55-44-105-080	424,900	310,284	I-1	507 O'Malley Dr.
Conveyor Concepts of Michigan	70-55-44-105-237	39,600	39,600	I-1	743 Main St.
Aggressive Tool & Die Inc	70-55-44-108-627	487,900	396,281	I-1	728 Main St.
Continental Dairy Products, Inc	70-55-44-109-365	11,527,100	10,818,989	I-2	999 W. Randall St.
Alliance Analytical Laboratories	70-55-44-112-181	28,800	28,800	I-1	179 W. Randall St.
Fair Oaks Farm Brands	70-55-44-112-250	4,719,400	4,719,400	I-2	999 W. Randall St.
Conveyor Concepts of Michigan	70-55-44-112-371	83,000	82,499	I-1	743 Main St.
		<b>\$18,519,900</b>	<b>\$17,574,869</b>		

#### Personal Property

Owner's Name	Parcel Number	2014 SEV	2014 Taxable	Zone	Property Address
Omlor Enterprises, Inc.	70-57-44-104-140	0	0	MPUD	135 Mason Dr.
Philips Machining Company Inc.	70-57-44-104-348	0	0	MPUD	80 Mason Dr.
Saturn Electronics & Engineering	70-57-44-104-433	1,736,100	1,736,100	I-1	323 Skeels St
Reeves Plastics LLC	70-57-44-105-080	22,500	22,500	I-1	507 O'Malley
Conveyor Concepts of Michigan	70-57-44-105-237	9,400	9,400	I-1	743 Main St.
Central Michigan Hardwoods, Inc.	70-57-44-105-459	63,900	63,900	I-1	110 S 64th Ave
Saturn Electronics & Engineering	70-57-44-108-240	10,536,400	10,536,400	I-1	323 Skeels St
Aggressive Tool & Die, Inc.	70-57-44-108-617	70,400	70,400	I-1	728 Main ST.
CS Facilities LLC	70-57-44-109-365	18,671,300	18,671,300	I-1	999 W. Randall St.
Port City Racing Inc.	70-57-44-110-154	148,200	148,200	I-1	540 Danforth St.
Port City Racing Inc.	70-57-44-111-171	267,300	267,300	I-1	540 Danforth St.
Reeves Plastics LLC	70-57-44-111-215	10,900	10,900	I-1	507 O'Malley
Reeves Plastics LLC	70-57-44-112-049	16,000	16,000	I-1	507 O'Malley
Alliance Analytical Laboratories	70-57-44-112-181	0	0	I-1	179 W. Randall St.
Fair Oaks Farm Brands	70-57-44-112-250	2,651,800	2,651,800	I-2	999 W. Randall St.
Conveyor Concepts of Michigan	70-57-44-112-371	17,500	17,500	I-1	743 Main St.
Reeves Plastics LLC	70-57-44-112-481	67,900	67,900	I-1	507 O'Malley
		<b>\$34,289,600</b>	<b>\$34,289,600</b>		

## Current City of Coopersville IFT Districts as of January 2014

Individual IFT requests are filed in property files.

District 1 – Saturn (Elemex)

District 2 – GM Delphi Continental Dairy

District 3 – Ottawa Custom Woods

District 4 – Magic Steel

District 5 – Midway Industrial Park

District 6 – Heath Manufacturing

District 7 – Ottawa Custom Woods

District 8 – Ottawa Custom Woods

District 9 – Heath Manufacturing

District 10 – Best Packaging

District 11 – BK Hardwoods

District 12 – Amstore

District 13 – Central Michigan Hardwoods, West Shore Services, Self-Lube, Reeves Plastics LLC

District 14 – Port City Racing

District 15 – Port City Racing

District 16 – Alliance Analytical Labs

## **Appendix F: City of Coopersville IFT Application**

The State of Michigan provides the IFT Application which the City uses. The form can be downloaded from the City of Coopersville website, under Departments / City Clerk.

<http://www.cityofcoopersville.com/city-clerk.html>

The State provided checklist and application follows.

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# Industrial Facilities Exemption Application Checklist

**Applicant Name:** \_\_\_\_\_

## GENERAL INFORMATION NEEDED FOR ALL APPLICATIONS:

- Completed Department of Treasury application Form 1012
- SIC/NAICS Code – eligible business \_\_\_\_\_
- Certified copy of the resolution approving the District. IDD \_\_\_\_\_ PRD \_\_\_\_\_
  - Was the request for the District done prior to construction? (Y/N)
- Certified copy of the resolution approving the application (must include the following statements):
  - ...SEV of real and personal property WILL/WILL NOT exceed 5% of .....
  - ...shall not have the effect of substantially impeding.....or impairing the financial soundness...
  - Term of the exemption approved by the local governmental unit
- Letter of Agreement signed by the local unit and the applicant per MCL 207.572.
- Affidavit of Fees signed by the local unit and the applicant.
- Proof of Real Property Construction Begin Date (Building Permit, Footings Inspection, Signed Affidavit from Contractor, etc).
- List of Machinery and Equipment with installation dates.

## REHAB ONLY:

- If machinery and equipment is being rehabilitated, a list of machinery, equipment and furniture and fixtures, including cost and installation dates.
- Signed Obsolescence Statement from assessor.

## SPECULATIVE ONLY:

- Certified copy of the resolution to establish a speculative building.
- Statement of non-occupancy from the owner and the assessor.
- Was the speculative building constructed before a specific user was identified? MCL 207.553(8)(b). (Y/N)

## TRANSFERS ONLY: \_\_\_\_\_

- Certified copy of the resolution approving the transfer.
- Notice was given to the holder, LGU, assessor and other local authorities for hearing.
- Name Change Only? If so, did we get proof of same ownership? (Y/N)

## REVOCATIONS ONLY: Real Property Personal Property Both

Statutory Reason for Revocation: \_\_\_\_\_

- Certified copy of the resolution approving the revocation.

## AMENDMENTS ONLY: Extension: \_\_\_ to \_\_\_ Increase: \_\_\_\_\_ to \_\_\_\_\_ Both/Other

- Certified copy of the resolution approving the amendment.
- Is the amendment to increase personal or real property? (Y/N) If so, obtain the following:
  - Amended application
  - Updated Machinery and Equipment List.

## COMMENTS:

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# 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 two copies of this form and the required attachments (three complete sets) with the clerk of the local government unit. The State Tax Commission (STC) requires two complete sets (one original and one copy). One copy is retained by the clerk. If you have any questions regarding the completion of this form, call (517) 373-3302.

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.		Real Property Costs
6b. Cost of machinery, equipment, furniture and fixtures .....	▶	
* Attach itemized listing with month, day and year of beginning of installation, plus total		Personal Property Costs
6c. Total Project Costs .....	▶	
* Round Costs to Nearest Dollar		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: <b>Check or Indicate N/A if Not Applicable</b> <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 <b>Check or Indicate N/A if Not Applicable</b> <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. LUCI Code	16d. 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 and one copy 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:

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

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

## **Appendix G: Michigan Personal Property Tax Reform**

The Michigan Economic Development Corporation published a summary in September of the Personal Property Tax Reforms which are currently impacting the PA 198 Tax Abatements.

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## MICHIGAN PERSONAL PROPERTY TAX REFORM

In an ongoing effort to make the state a more attractive place for businesses to invest and grow, Michigan is phasing out its Personal Property Tax (PPT) for most businesses beginning in 2014. This reform will substantially reduce compliance and administrative costs for businesses and will be especially attractive to manufacturers who rely on expensive capital investments in tools and other equipment. Table 1 and Table 2 summarize the timing of the PPT phase out for small businesses and eligible manufacturing personal property.

### ELIGIBLE MANUFACTURING PERSONAL PROPERTY (EMPP)

EMPP could include both commercial personal property and industrial personal property. More specifically, the term refers to all personal property located on real property where that personal property is used more than 50% of the time in industrial processing or in supporting industrial processes.

**TABLE 1. Personal Property Tax Phase Out**

#### A. Small Business Personal Property

If commercial or industrial personal property owned or under control of a business within a city or township is worth a total of \$80,000 or less, the personal property is 100% exempt beginning in 2014.

#### B. Eligible Manufacturing Personal Property

Purchase Period*	Status
Purchased by first owner after 2012	100% exempt beginning in 2016
Purchased by first owner before 2006	100% exempt beginning in 2016
Purchased by first owner in 2006 through 2012	100% exempt when equipment becomes 10 years old (see Table 2 for detailed schedule)

\*Note: The exempt status is based on the year the equipment was first purchased by its first owner, not necessarily the current owner.

### EXISTING ABATEMENTS

Personal property already under abatement may qualify for an extension of the abatement term until the personal property qualifies for the new PPT exemption. For those businesses with PA 198 or PA 328 abatements that expire after 2013 but before the eligible manufacturing PPT exemption becomes effective, the abatements on that eligible manufacturing personal property are extended until the eligible manufacturing personal property becomes exempt under the new PPT exemption schedule. See Table 1 and Table 2 for more information.

### STATEWIDE ESSENTIAL SERVICES ASSESSMENT (SESA)

Businesses claiming the eligible manufacturing PPT exemption will be subject to a statewide special assessment to fund essential services levied by local governments. The SESA will be levied on all exempt EMPP starting in 2016. The tax base is the fair market value of EMPP at the

**TABLE 2. Exemption Schedule for Existing Property**

Purchased by first owner in	100% exemption goes into effect
2006	2017
2007	2018
2008	2019
2009	2020
2010	2021
2011	2022
2012	2023

time of acquisition. For property acquired 1-5 years before the tax year, the tax rate will be 2.4 mills. For property acquired 6-10 years before the tax year, it will be 1.25 mills.

## MICHIGAN PERSONAL PROPERTY TAX REFORM *continued*

For property acquired more than 10 years before the tax year, the rate will be 0.9 mills.

Taxpayers are required to submit electronically to Treasury a completed statement and full payment by September 15. If the assessment is not paid, Treasury will send notice by October 15 and impose up to a 5% penalty. If the statement and payment are not received by November 1, the EMPP exemptions are rescinded for that tax year. Taxpayers must submit a personal property statement by November 10; the exempted summer tax will be added to the winter bill. For taxpayers making a minimum of \$25 million in additional EMPP investment, the Michigan Strategic Fund Board may provide a 50% or 100% exemption from the SESA for the new investment.

Reimbursements for essential services loss will be made with the authority's share of use tax revenue. Loss includes personnel pension costs and future revenue from exemptions that would have expired. To calculate the amount of essential services loss, the FY 2014 Comprehensive Annual Financing Report (CAFR) must include the percentage of FY 2012 General Fund revenue that was used by the local unit of government to fund essential services.

### CONTACT

For more information, contact the Michigan Department of Treasury at 517.335.2167.

## Appendix H: Sources

Anderson Economic Group; *Michigan's Business Tax Incentives*, (2009). Retrieved from:

[http://www.mea.org/investing/MEA\\_TaxAbatements\\_Public.pdf](http://www.mea.org/investing/MEA_TaxAbatements_Public.pdf)

Michigan Municipal League;

<http://www.mml.org/pdf/tax.pdf>

Land Policy Institute, *Current Practices and Policy Recommendation Concerning Public Act 198 Industrial Facilities Tax Abatements* (Oct 2007)

[http://www.landpolicy.msu.edu/modules.php?name=Documents&op=viewlive&sp\\_id=456](http://www.landpolicy.msu.edu/modules.php?name=Documents&op=viewlive&sp_id=456)

City of Grand Rapids, *Report to the City Commission: Public Act 198, a Review of the City of Grand Rapids' Tax Abatement Policy (2000)*; archived in City Records.

Michigan Legislature Online

[http://www.legislature.mi.gov/\(S\(a0qpgw455cjnsqr1obn5mv45\)\)/mileg.aspx?page=getObject&objectname=mcl-act-198-of-1974](http://www.legislature.mi.gov/(S(a0qpgw455cjnsqr1obn5mv45))/mileg.aspx?page=getObject&objectname=mcl-act-198-of-1974)

Yeo & Yeo CPAs and Business Consultants; *The Repeal of the Michigan Personal Property Tax*; July 30, 2014 revised January 8, 2015; Retrieved from

<http://www.yeoandyeo.com/news/76/60/The%ADRepeal%ADof%ADthe%ADMichigan%ADPersonal%ADProperty%ADTax1/1>