

Establishing industrial development districts and applying for Industrial Facilities Tax Exemption Certificates within the City of Westland.

Abatement Process	2-7
Applicant Agreement	8-12
Pre-App Summary	14
Certificate Application	a-d

Industrial Property Tax Abatement

PA 198 of 1974, as Amended

City of Westland 2019

Industrial Property Tax Abatement (PA 198 of 1974, as Amended)

Industrial Facilities Tax Exemption Certificates provide incentives for eligible businesses to make new investments in Michigan. These abatements encourage Michigan manufacturers to build new facilities, expand existing facilities, renovate aging facilities, or add new machinery and equipment. High-technology operations are also eligible.

Abatements under PA 198 can significantly reduce property taxes on new investments for eligible firms for periods ranging from 1-12 years. To receive abatements, eligible firms must go through several steps outlined below.

I. ESTABLISHING THE DISTRICT

The Westland City Council is responsible for establishing industrial development districts in which eligible firms may receive tax abatements. The City of Westland has established certain industrial development districts. A list of the current districts and their locations may be obtained from the Economic Development Director. The City Council also determines which applications to approve for Industrial Facilities Tax Exemption Certificates (IFTEC).

If a district has not yet been established that includes the real property, the property owner(s) must submit a written request to establish the district along with a nonrefundable \$500 filing fee and the tax abatement application (see pages a-d). Applications must be filed with the City Clerk prior to commencement of construction, alteration, or installation of equipment.

The application is then referred to the Westland Economic Development Corporation Board (EDC) for review and report to the City Council. A public hearing is scheduled to consider the request (the applicant will be notified of the date and proper legal notice will be mailed and published). At that hearing a resolution may be adopted to approve the establishment of an Industrial Development District (for a new project) or a Plant Rehabilitation District (for a rehabilitation project).

The criteria by which applications are evaluated include, but are not limited to, whether the project: (1) expands the City of Westland's tax base; (2) encourages development that will increase economic vitality; (3) creates and retains employment from existing industrial facilities that might otherwise leave the community; (4) assists in the rehabilitation of older facilities and/or expansions of existing industrial facilities; and/or (5) enhances the general attractiveness of the community.

Once the district is established, eligible companies may apply for abatement on real and personal property taxes for periods of up to 12 years.

II. ELIGIBILITY

In order to qualify for an IFTEC, property must fit the definition of "industrial property" as defined by PA 198. "Industrial property" means land improvements, buildings, structures, and other real

property as well as machinery, equipment, furniture, and fixtures or any part or accessory whether completed or in the process of construction. Additionally, the primary purpose and use of such property must be: (1) engagement in a high-tech activity (see explanation below); (2) manufacturing goods or materials; (3) processing goods and materials by physical or chemical change; (4) creation or synthesis of biodiesel fuel; (5) property acquired, constructed, altered, or installed due to the passage of Proposal A in 1976; (6) operating a hydro-electric dam by a private company other than a public utility; (7) agricultural processing facilities; (8) 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; (9) research and development laboratories of companies other than those companies that manufacture the products developed from their research activities; (10) research development laboratories of a manufacturing company that are related to the products of the company; (11) convention and trade centers over 250,000 square feet in size; or (12) a federal reserve bank operating under 12 U.S.C. 341, located in a city with a population 750,000 or more.

High-technology activity is defined in the Michigan Economic Growth Authority Act (MEGA) as: advanced computing, advanced materials, biotechnology, electronic device technology, engineering or laboratory testing related to product development, medical device technology, product research and development and advanced vehicles technology, or technology that assists in the assessment or prevention of threats or damage to human health or the environment.

Industrial property may be owned or leased. However, in the case of leased property, lessees are liable for payment of ad valorem property taxes and must furnish proof of the liability. Finally, “industrial property” does **not** include land or inventory.

III. IFTEC APPLICATION PROCESS

If the establishment of an Industrial Development District/Plant Rehabilitation District is approved or has been previously established, the applicant may proceed with an application for an Industrial Facilities Tax Exemption Certificate (IFTEC).

The applicant must file 10 copies of the application (see pages a-d) along with a non-refundable \$1000 filing fee with the City Clerk. To be considered for approval, the application must be filed within six months after the commencement of the restoration, replacement, or construction of the facility.

After the clerk has received the application for an IFTEC, the application is referred to the City for administrative review. After the administrative review is complete, the EDC Board will then make a formal recommendation to the City of Westland Council for consideration at a public meeting of the Council. The matter is then placed on the Council's agenda for a hearing to be scheduled (the applicant is notified and proper notices are mailed).

Final approval of the IFTEC is decided by the City of Westland Council. The Council may exercise its discretion to determine the duration of the IFTEC generally in accordance with the established guidelines and the general health, safety, and welfare of the City of Westland. If disapproved, the clerk will return the application to the applicant. The applicant may appeal the disapproval within 10 days after the date of the disapproval.

In order for an application to be considered and approved by December 31 of any year, the application must be filed on or before September 1. Additionally, the City must forward approved applications to the State Tax Commission within 60 days of approval or by October 31 (whichever comes first).

IV. SCORING SYSTEM

If the project qualifies for an IFTEC, the Council may determine the duration of the IFTEC using the point system below and other relevant criteria.

PLEASE NOTE: The scoring system provides guidelines only and creates no guarantee that any particular score will result in an IFTEC being granted, denied or issued for any particular number of years. The decision of whether an IFTEC is granted remains up to the sole discretion of the City of Westland Council.

1. The project will expand the tax base of the City of Westland:
 - a. Cost of proposed project or improvements:

i. Less than \$250,000	0
ii. \$250,000 - \$999,999	5
iii. \$1,000,000 - \$4,999,999	10

iv. \$5,000,000 - \$7,499,999	15
v. \$7,500,000 or more	20
b. Cost per acre of proposed project or improvements:	
i. Less than \$500,000	0
ii. \$500,000 - \$749,999	5
iii. \$750,000 - \$1,499,999	10
iv. \$1,500,000 - \$2,499,999	15
v. \$2,500,000 or more	20
2. The main headquarters of the firm applying for the IFTEC is on the site for which the abatement is requested:	
a. No	0
b. Yes, office portion of building less than 25%	3
c. Yes, office portion of building 25% or more	6
3. Disposition of the property for which the IFTEC is being sought:	
a. The applicant is the property owner	8
b. The applicant is a lessee of the property	
i. 3-5 years	3
ii. 6-10 years	8
4. The project will produce jobs for the community:	
a. The average weekly wage is 150% of the Federal minimum wage	10
b. The average weekly wage is at least 300% of Federal minimum wage	15
5. The project is primarily composed of manufacturing, research and development, or high technology activities:	
a. Percent of building allocated to manufacturing (not including warehousing, distribution, and packaging associated with said activities), research and development, or high-tech activities	
i. Less than 50%	5
ii. 50% - 75%	10
iii. More than 75%	15
6. The number of new full-time jobs created:	
a. Range depending on various factors	0-10
7. The uniqueness of the project:	
a. Range depending on various factors	0-15
<u>Total Points</u>	<u>Years of IFTEC</u>
90 or more	12
85 – 89	10
79 – 84	8
65 – 78	6
50 – 64	4
40 – 49	2

V. TAX IMPACT

Real and Non-Industrial Personal Property Industrial Facility Tax (“IFT”) Treatment

The IFT on a new facility and non-industrial personal property, such as some high-tech personal property, is computed at half the property tax millage rate. This amounts to a reduction in property taxes of approximately 50%. In addition, the 6-mil State Education Tax (“SET”) may be abated 100%, 50%, or not at all. Any SET abatement must be negotiated with the Michigan Economic Development Corporation (“MEDC”).

Speculative Building IFT Treatment

In order for a speculative building to qualify for abatement, the City of Westland must approve a resolution declaring it as a speculative building prior to identifying occupants. Initial construction and finishing costs would be eligible for a reduction in property taxes of approximately 50%.

Extension Under Personal Property Tax Reform

Personal property abated under PA 198 and eligible in the future for the Personal Property Tax (PPT) exemption will automatically continue to be abated under PA 198 until that property may be claimed as exempt from the PPT in the current tax year. Businesses with a PA 198 extension will continue to pay the IFT until the property becomes eligible for the PPT exemption.

VI. ACCEPTED APPLICANT AGREEMENT

Subject to the Council's approval of the IFTEC application, the applicant must agree to sign a Tax Abatement Agreement (see pages 1-4) with City of Westland. The agreement will outline conditions to be upheld throughout the duration of the IFTEC. The applicant must also sign an affidavit stating that no payment of any kind in excess of the fee allowed by PA 198 has been made or promised in exchange for favorable consideration of the application. **The City may revoke the IFTEC if the holder does not fulfill the items by which the IFTEC was granted.**

CITY OF WESTLAND
TAX ABATEMENT AGREEMENT

THIS TAX ABATEMENT AGREEMENT (the “Agreement”), made on _____, 20____, by and between the City of Westland (hereinafter referred to as the “City”) and _____ (hereinafter referred to as the “Company”).

WHEREAS, pursuant to MCL 207.572(2), Section 22 of Act 334 of Public Acts of 1993, it is necessary for the City and the Company to enter into a “written agreement” prior to approval and issuance of an Industrial Facilities Tax Exemption Certificate (the “Certificate”), and

WHEREAS, this Agreement must formally accompany any application made by the Company for an industrial facilities exemption to the State of Michigan, outlining the conditions and resources to be upheld during an abatement period.

WHEREAS, the City desires to provide the abatement as evidenced in the attached Application for Industrial Facilities Tax Exemption Certificate (Exhibit 1) for a period of _____ (____) years, with the right, but not the obligation, of the City to extend the abatement period, or to both approve an assignee or transferee of the Company and extend the abatement period.

NOW, THEREFORE, the parties agree to the following:

The Company agrees to satisfy the following conditions and the Company understands and acknowledges that failure to satisfy any one of the conditions could result in the City Council adopting a resolution recommending to the State Tax Commission revocation of the Certificate at the sole option of the City:

- (1) The Company agrees to submit a written report to the Economic Development Director regarding status of employment every year during the abatement period beginning with an initial report filed no later than the 10th day of January immediately following the first calendar year after the issuance date of the Certificate. The Company shall in no event neglect to submit the above report upon thirty (30) days written notice from the City. The report must include:
 - a) The number of new jobs promised in the application and the actual number of new jobs created to date; and
 - b) If the number of applicant’s employees is not equal to or greater than the number given in the application, an explanation for any shortfall shall be included; and
 - c) The estimated project cost in the application and the actual final project cost to date (required in the initial report only).

The Company understands that if employment has not been retained or reached as stated in the application or the construction and/or expansion project as described in the application has not been completed, or expenditures made as described in the application have not been made, the City has the right at its sole discretion to recommend revocation or modification of the Certificate by resolution presented to the State Tax Commission.

(2) If in any year during the abatement period the Company invokes the jurisdiction of the Michigan Tax Tribunal for the purpose of seeking a reduction of the assessed and/or taxable value of any of the personal property to which the abatement applies beyond that allowed by State Tax Commission Depreciation Table assigned to the personal property by the City Assessor or seeks a reduction in the State Essential Services Assessment for the personal property, the Company shall immediately refund to each taxing authority the amount(s) abated during all years previously covered by this Certificate, and return reductions received in all future years. The amount to be returned/refunded is equal to the reduction in taxes caused by the abatement when compared to what the taxes would have been had the abatement never been granted. A decision of the Michigan Tax Tribunal or a settlement of the appeal will not alter the obligations to return all tax monies as set forth herein. The Company shall also abandon and return to the City the Certificate. The Company agrees that this is a contractual right and may be enforced in a court of competent jurisdiction. No sanctions hereunder will accrue to the Company in the event it files an action in the Michigan Tax Tribunal with respect to the abated property in order to correct a clerical error of the Assessor or the Company, such as an error in addition or subtraction. Failure of the Company to immediately refund the amount(s) abated during all years previously covered by the Certificate and this Agreement shall result in the unrefunded amounts to be added to and become property taxes on the real property or properties subject to the abatement and enforced as real property taxes.

If in any year during the abatement period the Company invokes the jurisdiction of the Michigan Tax Tribunal for the purpose of seeking a reduction of the assessed and/or taxable value of any of the real property to which the abatement applies, the “Company” shall immediately refund to each taxing authority the amount(s) abated during all years previously covered by this Certificate, and return reductions received in all future years. The amount to be returned/refunded is equal to the reduction in taxes caused by the abatement when compared to what the taxes would have been had the abatement never been granted. A decision of the Michigan Tax Tribunal or a settlement of the appeal will not alter the obligations to return all tax monies as set forth herein. The Company shall also abandon and return to the City this Certificate. The “Company” agrees that this is a contractual right and may be enforced in a court of competent jurisdiction. No sanctions hereunder will accrue to the Company in the event it files an action in the Michigan Tax Tribunal with respect to the abated property in order to correct a clerical error of the Assessor or the Company, such as an error in addition or subtraction. Failure of the Company to immediately refund the amount(s) abated during all years previously covered by the Certificate and this Agreement shall result in the unrefunded amounts to be added to and become property taxes on the real property or properties subject to the abatement and enforced as real property taxes.

It will be a substantial default of this Agreement if the Company asserts to any court or administrative agency during the term of this Agreement that the true cash value of the property (real or personal) is other than or different than the amounts stated in the tax abatement application. The Company hereby stipulates and certifies that it has

accurately valued the personal property and/or real property which is the subject of the abatement and the City can rely on the figures represented in the application.

The Company agrees to reimburse the City for any costs the City incurs in responding to or contesting any appeal the Company asserts to any court or administrative agency during the term of this Agreement that the true cash value of the property (real or personal) is other than or different than the amount stated in the tax abatement application except as offset by applicable State Tax Commission Depreciation Table(s) and asset disposals. The costs subject to this section include attorney fees, appraisal costs, filing fees, expert witness fees, travel costs, copying expense, and any other cost or expense reasonably incurred by the City in responding to or defending against such assertions.

- (3) The parties hereto further agree that if any of the above-reference conditions are not met within thirty (30) days after written notice by the City of such failure, thereafter the City may recommend revocation of this tax abatement. The City shall not recommend such revocation until after a hearing is conducted wherein the Company shall be offered an opportunity to demonstrate why it has not breached any of the conditions set forth above or any other reasons why the tax abatement should not be revoked. The Company shall be given thirty (30) days written notice of such hearing which shall be conducted by the City or its designee.
- (4) The determination of whether to recommend revocation or modification of the Certificate shall be at the sole discretion of the Council of the City. It is also acknowledged that certain economic conditions can, at times, prohibit the maintenance of the Company's targeted status. It is understood that if such conditions exist at the time of the designated Company reports, the governing body of the City will carefully evaluate the Company's situation, and will inform the Company if any action is considered in order to give the Company an opportunity for correction. In the alternative, the Council of the City may require the Company to post a performance bond, funded by a percentage of the abated taxes, or may sue for money damages in a court of competent jurisdiction, in lieu of or in addition to recommending revocation of the Certificate. The performance bond shall be limited to the amount of abated taxes to ensure that all of the above conditions are met. The amount of the bond shall be determined at the sole discretion of the Council of the City. The City may make a claim against and enforce the terms of that performance bond.
- (5) The Company further understands that if it chooses to leave the municipality without permission for relocation prior to the end of the term of the industrial facilities exemption, the City has the right to revoke any and all industrial facilities exemptions including this Certificate, and demand the Company to refund the amounts abated during all years previously covered by this Certificate. Failure of the Company to immediately refund the amount(s) abated during all years previously covered by the Certificate and this Agreement shall result in the unrefunded amounts to be added to and become property taxes on the real property or properties subject to the abatement and enforced as real property taxes.

This Agreement contains the entire agreement between the parties hereto and no representations, inducements, promises or agreements, oral or otherwise, entered into prior to the execution of this Agreement, will alter the covenants, agreements and undertakings herein set forth. This Agreement shall not be modified in any manner, except by an instrument in writing executed by the parties. If any term or provision of this Agreement or the application thereof, to any person or circumstance shall, to any extent, be invalid or unenforceable, the remainder of this Agreement, or the application of such term or provision to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby and each term and provision of this Agreement shall be valid and be enforced to the fullest extent permitted by law. The parties executing this Agreement represent and warrant that they have the legal right and all requisite power and authority to enter this Agreement.

This Agreement shall be construed and enforced in accordance with the laws of the State of Michigan. The parties hereto consent to venue being proper in the state courts for the County of Wayne, Michigan, and each party waives any right to a jury trial it may have in a dispute arising from this Agreement.

By signatures of representatives of both the Company and the City, it is understood that both the Company's investment in the project and the City's investment through the granting of the Certificate is to encourage the economic growth of all.

AFFIDAVIT OF FEES

In accordance with State Tax Commission Bulletin No. 3, dated January 1998, representatives of the City and the Company do hereby swear and affirm by their signatures below that no payment(s) in excess of the fee allowed by Act 198, as amended, whether referred to as "fees," "payments in lieu of taxes," "donations," or by other like terms, have been made or promised in exchange for favorable consideration of an Industrial Facilities Tax Exemption Certificate application.

THE CITY OF WESTLAND:

Its: Mayor

Its: Clerk

APPLICANT:

SIGNATURE

Its: _____

Approved by the City of Westland Council on _____.

Resolution No. _____

EXHIBIT 1

APPLICATION FOR INDUSTRIAL FACILITIES TAX EXEMPTION CERTIFICATE

PROJECT PRE-APPLICATION EXECUTIVE SUMMARY

Please provide the following information in order to ensure that your application will be assessed accurately.

Question	Answer
1. What is the cost of the proposed project/improvement?	
2. What is the cost per acre of the proposed project/improvement?	
3. If the main headquarters of the firm applying for the IFTEC is located on the site for which the abatement is requested, what percentage of the building is used for office space? (If main headquarters are not on the site, reply "n/a")	
4. Is the applicant the property owner?	
5. If the answer to (4) is "no," is the applicant a lessee of the property? If so, how many years is the duration of the lease?	
6. What is the average wage and benefits for full-time equivalent employee of the proposed project/improvement?	
7. What percentage of the building, if any, is allocated to: manufacturing; research and development; high-technology activities?	

Michigan Department of Treasury
1012 (Rev. 04-14). Page 1 of 4

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.		
6b. Cost of machinery, equipment, furniture and fixtures * Attach itemized listing with month, day and year of beginning of installation, plus total		
6c. Total Project Costs * Round Costs to Nearest Dollar		
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.		
Begin Date (M/D/Y)		End Date (M/D/Y)
Real Property Improvements	►	_____
Personal Property Improvements	►	_____
► 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. <input type="checkbox"/> Yes <input type="checkbox"/> 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: <input type="checkbox"/> Industrial Development District <input type="checkbox"/> 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))? <input type="checkbox"/> Yes <input type="checkbox"/> No

APPLICANT CERTIFICATION - complete all boxes.

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

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

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

LOCAL GOVERNMENT ACTION & CERTIFICATION - complete all boxes.

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

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

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