city of Norton Shores
4814 Henry Street Norton Shores, Michigan 49441 www.nortonshores.org

AGENDA 7a5
DATE 9.15.20

September 10, 2020

Council Meeting of September 15, 2020
Subject: Industrial Facilities Tax Exemption Certificate – Pratt & Whitney Component solutions, 1057 Judson Road

The Honorable Mayor
and
Members of the City Council

Ladies and Gentlemen:

A public hearing has been scheduled for the September 15, 2020 City Council meeting to consider an application from Pratt & Whitney Component Solutions for a new Industrial Facilities Tax Exemption Certificate for real property in the amount of $3,136,746 and personal property in the amount of $189,390 on the property located at 1057 Judson Road. They have requested the maximum exemption period of 12 years but approval is limited to their lease term which is five years.

Attached is an analysis of the total equalized value of real and personal property presently exempted in the City of Norton Shores along with the amount applied for in the current application from Pratt & Whitney Component Solutions. If approved, the City will initially receive $9,105 in additional taxes and abate $9,105 in taxes for the real and personal property included in this application. Taxes in the first year, for all taxing jurisdictions, will be $53,167.

Pratt & Whitney Component Solutions will continue operations in Norton Shores on Stariha Drive and intend to use the new facility space for parts and distribution and to maintain a small office. They expect to add two contracted positions as a result.

A resolution is attached for Council consideration.

Respectfully submitted,

Mark C. Meyers,
City Administrator

/ss
Attachments

RESOLUTION

WHEREAS, pursuant to P.A. 198 of 1974, M.C.L. 207.551 et seq., after a duly noticed public hearing the City Council of the City of Norton Shores by resolution established 1057 Judson Road as an Industrial Development District; and

WHEREAS, Pratt & Whitney Component solutions, 1057 Judson Road, has filed an application for Industrial Facilities Exemption Certificate with respect to **real** property and **personal** property within the Industrial Development District; and

WHEREAS, before acting on said application, the City of Norton Shores held a hearing on September 15, 2020 at 5:30 p.m. at which hearing the applicant, the Assessor and a representative of the affected taxing units were given written notice and were afforded an opportunity to be heard on said application; and

WHEREAS, the facility is calculated to and will at the time of issuance of the certificate have the reasonable likelihood to retain, create or prevent the loss of employment in the City of Norton Shores, and

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Norton Shores that:

1. The City Council finds and determines that approval of the Industrial Facilities Exemption Certificate considered together with the aggregate amount of certificates previously granted and currently in force under Act No. 198 of the Public Acts of 1974 and Act No. 255 of the Public Acts of 1978, shall not have the effect of substantially impeding the operation of the City of Norton Shores, or impairing the financial soundness of a taxing unit which levies ad valorem taxes in the City of Norton Shores.

2. WHEREAS, the aggregate SEV of real and personal property exempt from ad valorem taxes within the City of Norton Shores, after granting this certificate, will exceed 5% of an amount equal to the sum of real and personal property thus exempted;

3. The application of Pratt & Whitney Component Solutions for an Industrial Facilities Exemption Certificate is hereby approved.

4. The Industrial Facilities Exemption Certificate when issued shall be and remain in force and effect for a period of _____ years.

5. The Mayor and Clerk are hereby authorized to execute a written agreement with the owner of the property relative to the terms and conditions contained within the Industrial Facilities Exemption Certificate.

At a regular meeting of the City Council of the City of Norton Shores, held remotely on the 15th day of September 2020, the foregoing resolution was moved for adoption by Council Member . The motion was supported by Council Member .

Ayes:

Nays:

Absent:

Resolution declared adopted/denied.

_____

Shelly Stibitz, City Clerk

Application for Industrial Facilities Tax Exemption Certificate

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

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

To be completed by Clerk of Local Government Unit	
Signature of Clerk: Sherry Stebling	Date Received by Local Unit: 2/21/20
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): Pratt & Whitney Component Solutions	1b. Standard Industrial Classification (SIC) Code - Sec. 2(10) (4 or 6 Digit Code): 3364	
1c. Facility Address (City, State, ZIP Code) (real and/or personal property location): 1057 Judson Rd. Norton Shores, MI 49456	1d. City/Township/Village (indicate which): Norton Shores	1e. County: Muskegon
2. Type of Approval Requested: [X] New (Sec. 2(5)) [ ] Transfer [ ] Speculative Building (Sec. 3(8)) [ ] Rehabilitation (Sec. 3(6)) [ ] Research and Development (Sec. 2(10)) [ ] Increase/Amendment	3a. School District where facility is located: Grand Haven	3b. School Code: 76010
	4. Amount of years requested for exemption (1-12 Years): 7	

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.

Warehouse space for a parts + distribution Center. This is a new construction. Additional equipment included in the warehouse will be racking for parts. There will also be a small front office area with some office equipment.

6a. Cost of land and building improvements (excluding cost of land) ..... 3,136,745.70 Real Property Costs
* 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 ..... 189,390.02 Personal Property Costs
* Attach itemized listing with month, day and year of beginning of installation, plus total

6c. Total Project Costs ..... 3,326,135.72 Total of Real & Personal 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	08/01/2019	06/01/2020	[ ] Owned [X] Leased
Personal Property Improvements	05/15/2020	06/15/2020	[X] Owned [ ] 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 [X] No

9. No. of existing jobs at this facility that will be retained as a result of this project. Pratt = 69 Contracted = 123	10. No. of new jobs at this facility expected to create within 2 years of completion. Pratt = 0 Contracted = 5

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:
[X] Industrial Development District [ ] Plant Rehabilitation District

12b. Date district was established by local government unit (contact local unit): May 21, 2019	12c. Is this application for a speculative building (Sec. 3(8))? [ ] Yes [X] No

STATE EQUALIZED VALUE ANALYSIS

I. Active PA-198 as of December 31, 2019

PA-198 Real	@ $10,626,300
PA-198 Personal	@ $ 1,918,600

TOTAL: $12,544,900

II. Estimated SEV of Applications approved after December 31, 2019

Company	Real	Personal	Total	Approved
EarthTronics, Inc.	$1,505,980	$71,099	$1,577,079	
Smart Vision Lights	$1,355,005	$586,215	$1,941,220	
Canteen (Compass)	$1,670,881	$202,500	$1,873,381	

TOTAL TO DATE: $ 5,391,680

III. Estimated SEV for current applicant – Pratt & Whitney Components, 1057 Judson Rd.:

TOTAL: $ 1,663,068

IV.

City's Total SEV	SEV Exempted	Percent of SEV Exempted
$1,183,969,000	$19,599,648	1.66%