ACT 198
TAX ABATEMENT POLICY

Following are the criteria for businesses seeking consideration for Act 198 tax abatement. The City Council will utilize the criteria in making a determination on granting an abatement request and establishing its term length.

1. The applicant must be an eligible business as defined in Act 198 legislation.
2. An eligible business must be located in an eligible district. For Act 198 abatement a firm must be located within a Plant Rehabilitation or Industrial Development District.
3. The eligible business must be either relocating to the City or a new/existing business in the City that is expanding. Job creation and/or retention will be a key factor in the evaluation process.
4. The maximum term for which abatement is granted shall be not more than twelve years following completion.
5. The City Council, at its discretion, may consider unique circumstances of the applicant in evaluating the request.
6. The applicant shall remain within the City of Norton Shores during the entire term of an approved abatement. If the applicant relocates, permanently reduces employment or operations, or closes the facility the applicant shall pay to the affected taxing units an amount equal to those taxes determined to have been due if the abatement had not been in effect.
7. If the applicant appeals assessment of property for which tax abatement has been granted, the City reserves the right to revoke any Act 198 tax abatements currently in place. The applicant will then be required to pay the affected taxing units an amount equal to those taxes determined to have been due if the abatement(s) had not been in effect. The City shall consider an applicant's history related to tax appeals when considering future tax abatement requests.

Revised: May 2017

INDUSTRIAL FACILITIES TAX EXEMPTION
APPLICATION PROCESS

IMPORTANT: PLEASE ALLOW A MINIMUM OF 45 DAYS PROCESSING TIME.
STATE TAX COMISSION DEADLINE FOR CERTIFICATION NEXT YEAR IS OCTOBER 31st.

NOTE: Submit Act 198 applications within 180 days of the start of construction.

ESTABLISHED DISTRICT

1. The applicant submits the completed application, information sheet and agreement along with the processing fee to the City Clerk. If personal property exemption is requested, the proper schedules (installation, depreciation, etc.) must be included.
2. The application is reviewed and, if complete, added to the next City Council meeting agenda where a public hearing date will be set.
3. A public hearing is held where duly noticed representatives of the applicant, Assessor and affected taxing units are afforded an opportunity to be heard.
4. City Council will act on the application and, if approved, set its term. Following local approval, the necessary paperwork will be forwarded by the City Clerk to the State Tax Commission for final approval. The applicant will be notified by the Commission directly of their determination.
5. If approved the certificate will become effective on December 31st for the following tax year and continue the length of the term.

UNESTABLISHED DISTRICT

1. The applicant submits a letter stating the nature of the request including the type of business, proposed new construction, renovation or equipment and the location of the proposed district along with the processing fee to the City Clerk.
2. The request is reviewed by City staff to determine qualifications and added to the next City Council agenda where a public hearing date to propose establishment of said district will be set.
3. A public hearing is held where duly noticed real property owners within the proposed district and other residents or taxpayers of the local governmental unit are afforded an opportunity to be heard.
4. The City Council will act on the request and either deny or approve establishing an Act 198 Industrial Development or Plant Rehabilitation District.

Norton Shores City Council Meetings are held the 1st and 3rd Tuesday each month.

City of Norton Shores
4814 Henry Street
Norton Shores MI 49441

RE: Act 198 and/or 328 Agreement with the City of Norton Shores

_____ (Company) hereby submits application to the City of Norton Shores (City) for the granting of:

_____ Industrial Facilities Exemption Certificate (IFE) pursuant to P.A. 198
_____ Exemption of New Personal Property pursuant to P.A. 328

To encourage the granting of the tax abatement and in recognition of the investment the City will be making toward the economic growth of the Company and thus the community, I hereby agree on behalf of the Company:

1. The attached information sheet is an integral part of this agreement and outlines the investment the Company intends to make.

2. The Company shall provide a letter to the City no later than January 10th following the second year after the issuance of the abatement certifying:

   a. Number of jobs created or retained
   b. Actual cost for both real and personal property acquisitions
   c. If the number of jobs created or total project cost differ from that described in the information sheet, a disclosure explaining the variance is required.

3. The Company will recertify the current employment information outlined above every year through the expiration of the abatement.

4. The Company understands that if employment has not been retained or reached, or the expansion or improvement was not substantially completed as described in the application and information sheet, the City has the right to reduce the term or revoke the tax abatement.

5. The Company understands that if real and personal property taxes are not paid and do not remain current, the City has the right to reduce the term or revoke the tax abatement.

6. If the applicant appeals its assessment of property, the City reserves the right to revoke any Act 198 or Act 328 tax abatements currently in place and will require the applicant to pay the affected taxing units an amount equal to those taxes that would have been paid had the abatement not been in effect. Also, the City shall consider an applicant's history related to tax appeals when it considers future tax abatement requests.

7. The applicant shall remain with the local unit during the period of time for which the abatement has been approved and, if the applicant relocates, substantially reduces employment and/or operations, or closes the facility, the applicant shall pay to the affected taxing units an amount equal to those taxes it would have paid had the abatement not been in effect.

By the signatures below, representatives of both the Company and City acknowledge their responsibilities towards the successful completion of the project. It is understood certain economic conditions may delay or even prohibit the maintenance of the Company's goals. Prior to any City action concerning the reduction or revocation of a tax abatement, or recapture of abated taxes, the Company will have the right to a public hearing before the City Council; and, further

In accordance with STC Bulletin No. 3 dated January 16, 1998, we do hereby affirm that no payment of any kind in excess of the fee allowed by Act 198 and/or 328, as amended, has been made or promised in exchange for favorable consideration of an exemption certificate.

Company Name:_____
Company Address:_____
_____

WITNESS:

_____ by:_____Date:_____

Title:_____,_____

WITNESS:

_____ by:_____Date:_____
Gary L. Nelund
Mayor, City of Norton Shores

WITNESS:

_____ by:_____Date:_____
Shelly Stibitz
City Clerk, City of Norton Shores

INDUSTRIAL FACILITIES EXEMPTION CERTIFICATE
INFORMATION SHEET

_____

(Applicant) (Address)

In order to properly process your application for an Industrial Facilities Exemption Certificate, the following information is requested:

1. The nature of the business and any special or unique properties of the company:

_____

_____

2. Number of years the firm has been in the community: _____

   Number of years the firm has been in business: _____

3. Number of Employees:

	Current	After Expansion
Full-time	_____	_____
Part-time	_____	_____
Called back from layoff	_____	_____

4. Value of Expansion or Improvement:

   Land Improvement:_____

   Building Improvements:_____

   Machinery and Equipment:_____

   Furniture and Fixtures:_____

5. Number of years requested for tax exemption:_____

How will the number of years benefit the company?_____

_____

_____

_____

6. Does the company have past or pending appeals of real or personal property assessments with the Michigan Tax Tribunal or the State Tax Commission? (See paragraph 8 of the City of Norton Shores Tax Abatement Policy.)

Yes_____ No_____

7. Long-range plans for the company:_____

_____

_____

8. Any additional information you feel may be helpful in processing your application for City Council consideration:

_____

_____

_____

9. Any other areas in which the City may assist your company:

_____

_____

_____

By_____

Title_____

Date_____

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 ☐ 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 4. Amount of years requested for exemption (1-12 Years)	▶ 3b. School Code

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) ..... ▶ _____ 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 ..... ▶ _____ Personal Property Costs
* Attach itemized listing with month, day and year of beginning of installation, plus total

6c. Total Project Costs ..... ▶ _____ 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 ▶	_____	_____	▶ ☐ Owned ☐ Leased
Personal Property Improvements ▶	_____	_____	▶ ☐ 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 ☐ 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

☐ Abatement Approved for _____ Yrs Real (1-12), _____ Yrs Pers (1-12)

After Completion ☐ Yes ☐ No

☐ Denied (Include Resolution Denying)

16a. Documents Required to be on file with the Local Unit

Check or Indicate N/A if Not Applicable

☐ 1. Notice to the public prior to hearing establishing a district.
☐ 2. Notice to taxing authorities of opportunity for a hearing.
☐ 3. List of taxing authorities notified for district and application action.
☐ 4. Lease Agreement showing applicants tax liability.

16b. The State Tax Commission Requires the following documents be filed for an administratively complete application:

Check or Indicate N/A if Not Applicable

☐ 1. Original Application plus attachments, and one complete copy
☐ 2. Resolution establishing district
☐ 3. Resolution approving/denying application.
☐ 4. Letter of Agreement (Signed by local unit and applicant)
☐ 5. Affidavit of Fees (Signed by local unit and applicant)
☐ 6. Building Permit for real improvements if project has already begun
☐ 7. Equipment List with dates of beginning of installation
☐ 8. Form 3222 (if applicable)
☐ 9. Speculative building resolution and affidavits (if applicable)

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.