

Columbia Township

Industrial Facilities

Tax Abatement

Program

Guideline and Procedures

Columbia Township
Jackson County, Michigan
Guidelines for Industrial Facilities Tax Exemption Certificates
Under Public Act 198

OBJECTIVE

- a. To create a climate which encourages investment in new technology, modernization of obsolete facilities, expansion of current facilities, the construction of new plants, encourages training and education of township residents through local employers that provides the change in skills and focus needed to retain local jobs and nurtures new employment opportunities for Township residents.
- b. To create uniform and consistent guidelines to determine the length and eligibility of Industrial Facility (Tax) Exemption Certificates (IFECs).
- c. To encourage expansion of Township's industrial tax base.

Industrial property is defined within this act as "primary purpose and use of which is the manufacture of goods and materials, or the processing of goods and materials by physical or chemical change". Although this definition is essentially the same as that for manufacturing, the Act has expanded the definition of industrial property to include the following:

- Office, engineering, warehousing, and distribution facilities related to a manufacturing operation under the same ownership
- Research and development laboratories
- Companies engaged in a high-technology activity
- Agricultural processing facilities
- Convention and trade centers over 250,000 square feet
- Privately owned hydro-electric dams or electric generating plants

The first requirement that must be met in the process of a manufacturing facility receiving a tax abatement is that all qualified industrial property must be located within an existing Industrial Development District. The request for the establishment of a proposed Industrial Development District must be filed by the property's legal owner in writing to the Columbia Township Clerk. The filing fee for the establishment of the Industrial Development District is \$100.00.

Columbia Township may also establish a Plant Rehabilitation District if it determines that at least 50% of the property value in a district is obsolete. This district must be established prior to the granting of an abatement for the rehabilitation of obsolete industrial property.

After an Industrial Development District is established, the owner or lessee of a qualified manufacturing facility may file an application for an Industrial Facilities Exemption Certificate (IFEC) with Columbia Township Assessor or Clerk. The State Tax Commission form, with instructions, is contained in this booklet. The application filing fee with Columbia Township is \$500.00. The commission requires an affidavit be signed by the applicant and the Township certifying that the Application Fee is reasonable. This Affidavit of Fees is included after the Industrial Facilities Exemption Certificate application.

All application filing fees are non-refundable.

The Township Assessor will assemble the application's required information relating to the property's legal description and identification number(s), Industrial Development District resolution, proof of construction commencement, and will help identify the correct Standard Industrial Classification Code.

The applicant must be descriptive when explaining the applicant's business operations and the project for which the exemption is sought. When describing a new building, include the structure's size, exterior height, interior and exterior descriptions and major construction features. When describing personal property, include actual or estimated costs and installation dates, which should be specific to the date, month and year. When estimating ending dates for real and personal property improvements, keep in mind that the Township will require reporting confirming these dates and will request actual costs 90 days after each project component has been completed.

The Industrial Facilities Exemption Certificate application must be approved by the Columbia Township Board by resolution, only after the property owners, the public, and all the affected taxing units are notified and given an opportunity to be heard at a public hearing. The local unit has 60 days after the receipt of an application to approve or disapprove a complete application. If an Industrial Facilities Exemption Certificate is approved, the Township Assessor must forward it to the State Tax Commission within 60 days of the approval or before October 31 of that year, whichever is first. If an application is disapproved, the reason(s) must be put in the resolution. The Township Assessor or Township Clerk will return the application to the applicant, who may appeal the disapproval to the State Tax Commission within 10 days after the date of disapproval by the Columbia Township Board. The State Tax Commission has the right not to consider any Industrial Facilities Exemption Certificate application received after October 31st for the following tax year.

Listed below is the total property investment and job creation schedules which are combined to determine the recommended certificate term for all tax abatement applications. For example, if a company will invest a total of 8 million dollars and will create 24 new jobs at their location and will retain 300 jobs, the certificate term recommended by the Assessing Officer will be twelve years.

The certificate term determined by the schedules listed below are recommendations and can be changed by the Columbia Township Board, if there are circumstances not addressed by these guidelines. The maximum number of years that can be granted under this program is twelve years.

The Total Property Investment amount includes the current cost of real property and the depreciated original cost of newly acquired personal property involved in the project for which the exemption is being sought but not include personal property transferred into the Township by the Company. For any used personal property to qualify for a certificate, the applicant must provide proof that the items for which an exemption is being sought were not assessed on any Michigan personal property roll in the previous year. The job creation total will include all new full-time jobs created in the Township within two years of the certificate's effective date. The Township can also consider the amount of a job creation or property investment deficiency from a previous application on a new application filed by the Company/Applicant.

TOTAL PROPERTY INVESTMENT REAL

TERM LENGTH

\$2,000,000 or greater	12
\$800,000 - \$1,999,999	10
\$500,000 - \$799,999	8
\$300,000 - \$499,999	6

TOTAL PROPERTY INVESTMENT PERSONAL

TERM LENGTH

\$2,000,000 or greater	12
\$800,000 - \$1,999,999	10
\$500,000 - \$799,999	7
\$300,000 - \$499,999	5

JOB CREATION AND RETENTION

TERM LENGTH

1-10 jobs	1
11-25 jobs	2
26-50 jobs	3
51 jobs or more	4

The Act requires a specific written agreement between the applicant and the local municipality as to performance or other issues of mutual concern. This Industrial Facilities Exemption Certificate Agreement (a copy of which is included in this packet) outlines performance criteria such as making improvements and creating jobs within the required two year period and provides the Township remedies when a company prematurely vacates a facility, does not comply with local regulations, or does not comply with the reporting provisions of this Act.

Columbia Township requires all certificate holders to file a Notice of Completion and Final Cost Report for each property component for which a certificate has been issued. This report, a copy of which is included in this packet after the Industrial Facilities Exemption Certificate Letter of Agreement, will be sent to each certificate holder by the Assessing Office after the completing date of each project component and is due 90 days after each individual property component completion date. For real property, the date a certificate of occupancy is issued by the Township Building Official will become the official completion date of the building.

Columbia Township requires certificate holders to file an Employment Status Report not later than January 31st after the first year of the effective date. This report, which is also included in this packet, will be sent to certificate holders by the Assessing Office and requests a certificate holder to certify the actual number of full-time jobs created as a direct result of the project.

If the completion date of the real or personal property improvements is expected to extend beyond the date listed on the original Industrial Facilities Exemption Certificate Application, a certificate holder must make a written request to the Township to revise the individual project component's official ending date. If the revised completion date is beyond two years from the certificate's effective date, the certificate holder will be required to file a Request for Extension to Complete Project. This form, which is included in this packet, has an Application Fee of \$100.00 and asks for a specific explanation of why more time is needed to complete the real and personal property improvements. Upon receipt of a request for an extension, the Township may deny the request, approve the request with no change in the certificate's ending date, or approve the extension of time for the completion of the project with a revised ending date on the certificate.

If the final cost of a real or personal property project component will be greater than 10% of the amount listed on the original Industrial Facilities Exemption Certificate Application, the certificate holder must make a request to the Township to approve the revised cost. This Request for Revision of Final Project Cost form is included in this packet and has an Application Fee of \$50.00. If the Township approves a revised real or personal property project cost, the certificate holder must request that the Commission issue a revised certificate.

An Industrial Facilities Exemption Certificate may be transferred to a new owner or lessee of the facility only with the approval of the Township and the State Tax Commission after application by the new owner or lessee, and notice and hearing in the same manner as provided for the application a new certificate. A request to transfer an existing certificate should be made using the same application which is used to apply for a new certificate. Because an application to transfer an existing certificate is handled in the same manner as a new Industrial Facilities Exemption Certificate, it has an Application Fee of \$500.00.

If a holder of an Industrial Facilities Exemption Certificate abandons or intends to abandon a facility for which a certificate has been previously issued, they must notify the Township within 30 days of abandonment. If there is no construction in process for six months at the facility, a certificate holder has seven months from the date construction ended to notify the Township, which then has 10 days to notify the State Tax Commission of their notice of delay.

The State Tax Commission will revoke any component of an Industrial Facilities Exemption Certificate upon the written request of the certificate holder. The Township may also, by Resolution, request the State Tax Commission revoke a certificate if the purposes for which the Industrial Facilities Exemption Certificate were issued were not fulfilled as a result of a failure of the certificate holder to proceed in good faith with the operation of the facility in a manner consistent with the purposes of the Act and in the absence of circumstances that are beyond the direct control of the certificate holder.

Note: All taxes issued on Industrial Facilities Tax Exemption Certificates must be paid by the due date. Taxes not paid will subject the certificate to revocation proceedings.

These guidelines were taken in part from Act 198 of 1974, as amended, from the Administrative Rules of the State Tax Commission and from the requirements adopted by Columbia Township. These guidelines are not meant to be an all-inclusive list of these rules and regulations, but are an attempt to present all information in a logical order.

State Tax Commission contact:

Michigan Department of Treasury
State Tax Commission
P.O. Box 30471
Lansing, Michigan 48909-7971

Attn: Nancy Armstrong (517) 373-3272

Abbreviations

Act = Act 198 of 1974

AV = Assessed Value

IDD = Industrial Development District

IFEC = Industrial Facilities Exemption Certificate

IFT = Industrial Facilities Tax

MCL = Michigan Compiled Law

PA = Public Act

PRD = Plant Rehabilitation District

PTD = Property Tax Division

SEV = State Equalized Value

STC = State Tax Commission

TV = Taxable Value

Columbia Township
Application Fee \$500.00

APPLICATION TO ESTABLISH AN
Industrial Development District
or Plant Rehabilitation District

Property Owner (s): _____

Applicant Name: _____

Applicant Address: _____

Applicant Phone # _____

District Requested: Industrial Development District
 Plant Rehabilitation District

Proposed District:
Parcel Number(s): _____
Legal Description: _____
(attach if necessary)

Project Description: _____

Estimated Project Costs:
Real Property: \$ _____
Personal Property: \$ _____

Project Starting Date: _____

How many employees work at the facility: _____

How many jobs will be created as a result of this project: _____

I hereby certify, as an owner of the property for which this district is requested, that the foregoing is a true statement of this proposed project, and this request for the establishment of an Industrial Development District or Plant Rehabilitation District is filed only in connection with a proposed replacement facility or a new facility, the construction, acquisition, alteration, or installation of or for which has not commenced as of the date hereof, which is submitted as required by MCL 207.554 (3).

Certified By: _____

Title: _____

Signature: _____

Date: _____

Columbia Township
Application Fee \$500.00

APPLICATION TO ESTABLISH A
Speculative Building Designation

Applicant Name: _____

Applicant Address: _____

Property Information

Address(es): _____

Parcel Number(s): _____

Legal Description: _____
(attach if necessary)

IDD Establishment Date: _____

Industrial Building #1

Start Date : _____

Square Feet: A. _____ B. _____

Industrial Building #2

Start Date : _____

Square Feet: A. _____ B. _____

Industrial Building #3

Start Date : _____

Square Feet: A. _____ B. _____

*use second set of blanks (B) for buildings with more than one leasable tenant space

On Behalf of the company referenced above, I hereby certify that the foregoing is a true statement of the building(s) listed above, and that there is no tenant for these buildings as of the date hereof, which is submitted as required by MCL 207.553 (8b).

Certified By: _____

Title: _____

Signature: _____

Date: _____

**Schedule of Fees
For
Industrial Facilities Certificates**

To Establish IFEC District	100.00
New Real (Construction)	650.00
New Personal (Equipment)	650.00
Request for Extension of Time	100.00
Request for Revision	50.00
Transfer of Ownership	650.00

Industrial Facilities Exemption Certificate

Application Fee Affidavit

This agreement between _____
and Columbia Township is for the purpose of fulfilling the requirements of PA 198,
as amended by PA 323 of 1996.

_____ understands that the \$500.00 Application
Fee paid to Columbia Township is intended for the actual cost of processing the application.

_____ further states that no other payment of any
kind in excess of the \$500.00 Application Fee has been made or promised in exchange
for a favorable consideration of the Exemption Certificate Application.

Company _____

Date _____

By _____

Columbia Township

By _____

Date _____

Industrial Facilities Tax Exemption Agreement

AGREEMENT made this ____ day of _____, 200__, by and between COLUMBIA TOWNSHIP, a Michigan Municipal corporation, with offices at 8500 Jefferson Road, Brooklyn, Michigan, 49230 (hereinafter "Township"); and _____, a Michigan Corporation, with offices located at _____, Columbia Township, Jackson County, Michigan (hereinafter "Applicant").

WHEREAS, the Township has received an application from Applicant for the issuance of an Act 198 Tax Exemption Certificate for its _____ (describe project) (the "Project") that was established as an Industrial Development District (the "District") by Columbia Township on _____; and

WHEREAS, Public Act 334 of 1993 requires a written agreement between the Township and the Applicant before an Industrial Facilities Exemption Certificate can be approved by the Michigan Department of Treasury;

NOW, THEREFORE, in consideration of the approval of the Industrial Facilities Exemption Certificate, it is hereby agreed by and between the parties hereto as follows:

1. The Applicant, as a result of said improvements, shall use its best efforts to create not less than ____ new full time equivalent jobs and retain not less than ____ full time equivalent existing jobs from its current location within two years after the completion of its Project.
2. Applicant expects that the costs of the improvements proposed to be constructed on the basis of which the Industrial Facilities Exemption Certificate is issued, shall be within 10 percent (10%) of the estimated amount stated in the Applicant's application for the certificate.

3. The Applicant will not cease its operations within the District prior to the termination of the Industrial Facilities Exemption Certificate without a transfer of the certificate being approved by the Township to a third party that continues adequate operations within the District or elsewhere in the Township with the Township's approval. Applicant will not become delinquent in payment of taxes owing under this certificate.
4. The parties agree that the Township, in approving the tax abatement, has relied on the good faith of Applicant's estimates and expectations described in its application. The parties agree that exclusive jurisdiction to resolve any disputes in this Agreement shall be in Jackson County, Michigan. In the event of a default by Applicant, the Township shall have all the remedies which are provided by law and equity.

The Township shall not seek any remedy under this section 4 until after all of the following have occurred:

- a. The Township shall have given written notice to the Applicant declaring a default and specifying the manner in which the Applicant is in default. Before a default is declared, the Township and the Applicant shall meet informally with appropriate representatives to discuss the claimed default and how it may be cured.
- b. The Applicant has not cured that default within thirty (30) days after receiving the notice, except that if the Applicant is diligently pursuing a cure, this thirty (30) day period shall automatically be extended for an additional thirty (30) days, and further extensions of this time period may be made only upon mutual agreement of the parties.

The Applicant shall not be in default to the extent the Applicant clearly shows, to the exclusive satisfaction of the Township, that the default was caused by a reason beyond the control of the Applicant.

5. Any payments due under Paragraph 4 above may be collected by whatever methods are available as provided by law.
6. It is understood that Columbia Township encourages the Applicant to review job applications of Township residents, prior to filling new jobs in its facilities. Applicant will use its best efforts to employ Township residents.
7. The Applicant further agrees that it shall submit annual reports to the Township Clerk and the Township Assessor setting forth the progress in attaining and maintaining the requirements of this Agreement. The Applicant further agrees to a two (2) year review by the Township Assessor until such time the certificate expires as determined by the Township Board.
8. The Applicant further agrees that during the term of the certificate, the Applicant shall not discriminate against any person on the basis of race, creed, color, sex, religious orientation, age, or other criteria not reasonably related to any jobs created as part of the grant of this tax abatement.
9. The Applicant further agrees that if Applicant ceases its use of the Project, and another entity asks the Township for a transfer of the abatement, the Applicant will cooperate with the Township regarding the transfer by advising the transferee or new owner of the terms and conditions of this Agreement and by assisting the Township to obtain the signature of the authorized agent of the transferee or new owner on this Agreement or one substantively the same.

10. This Agreement contains all of the terms of the agreement between the parties with respect to its subject matter and may be amended only in writing signed by both parties.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the day and year first above written.

Signed in the presence of:

Columbia Township

By _____
Its Supervisor

Applicant

By _____
Its _____

Columbia Township

IFEC # _____
Employment Status

Certificate Holder: _____

Property Address: _____

Employment Status

Number of employees prior to start of project: _____

Estimated jobs to be created within two years of effective date _____

Actual full-time jobs created as a direct result of this project _____

Explanation if actual job creation amount is less than original estimated amount

Certification

On behalf of the company reference above, I hereby certify that the forgoing is a true statement of the status of this company as of the date hereof and is submitted as required by the IFEC Letter of Agreement between the Company and Columbia Township.

Certified By: _____

Title: _____

Signature: _____

Date: _____

Columbia Township

IFEC # _____
Request for Extension to Complete Project

Certificate Holder: _____

Property Address: _____

Project Completion

Real Property improvements commencement date: _____

Estimated Real Property improvements ending date: _____

Revised completion date of Real Property improvements: _____

Explanation why more time is needed to complete Real Property improvements

Personal Property improvements installation date: _____

Estimated Personal Property improvements ending date: _____

Actual completion date of Personal Property improvements: _____

Revised completion date of Personal Property improvements: _____

Explanation why more time is needed to complete Personal Property improvements

Certification

On behalf of the company referenced above, I hereby certify that the forgoing is a true statement of the status of this company as of the date hereof and is submitted as required by Administrative Rule 53 (1) of the Michigan State Tax Commission

Certified By: _____

Title: _____

Signature: _____

Date: _____

Columbia Township

IFEC # _____
Request for Revision of Final Project Cost

Certificate Holder: _____

Property Address: _____

Project Costs

Total Real Property cost listed on original IFEC application: _____

Revised cost of Real Property listed on original application: _____

Explanation why revised Real Property cost is greater than original estimate

Total Personal Property cost listed on original IFEC application: _____

Revised cost of Personal Property listed on original application: _____

Explanation why more time is needed to complete Personal Property improvements

Certification

On behalf of the company referenced above, I hereby certify that the forgoing is a true statement of the status of this company as of the date hereof and is submitted as required by Administrative Rule 54 (1) of the Michigan State Tax Commission

Certified By: _____

Title: _____

Signature: _____

Date: _____

Property Services Division- Tax Exemption Section
Quick Reference Phone Contacts

Dianne Wright
(517) 373-2408
Wrightd3@michigan.gov

IFT Transfer & Amendments
Commercial Forest
Brownfield Zones
Renaissance Zones
Tool & Die Properties
MSHDA Pilot
Act 146 (OPRA) (Contact Nancy Armstrong first)
Act 328 (New Personal Property) (Contact Nancy first)
IFT General Information (Contact Nancy Armstrong first)

Debbie Abbruzzese
(517) 373-3302
abbruzzesed@michigan.gov

Treasurer From 170
Payment of IFT Money
Auditing of IFT Payments
Assessing Officers Reports
IFT Revocation & IFT Denials
NEZ Information (Contact Mary Goff first)

Mary Goff
(517) 373-0675
goffm@michigan.gov

Act 147 (Neighborhood Enterprise Zone)
Purchasing Assessor's Manuals (Vol I, II, III)

Nancy Armstrong
(517) 373-3272
armstrongn@michigan.gov

IFT Act 198, General Information, New Applications
Act 451 (Air-Part 59 & Water Pollution- Part 37)
Act 146 (Obsolete Property Rehabilitation Exemption)
Act 328 (New Personal Property Exemption)
Website Information, Exemption Information Packets
And Forms
Exemption Reports Available on the Website