



MICHIGAN ECONOMIC DEVELOPMENT CORPORATION

300 N. WASHINGTON SQ.
LANSING, MI 48913

CUSTOMER
CONTACT CENTER
517 373 9808

WWW.MICHIGAN.ORG

You recently requested the enclosed information on obtaining an exemption of new personal property as provided in Public Act 328 of 1998.

Application for this exemption should be filed with the clerk of the city or township in which the facility is located.

Please note the following requirements of the Act as explained in the enclosures:

1. The personal property must be **NEW PERSONAL PROPERTY**.
2. The personal property must be located in an **ELIGIBLE LOCAL ASSESSING DISTRICT** (qualified distressed area).
3. The eligible **LOCAL ASSESSING DISTRICT** must adopt a resolution that provides for the exemption.
4. The **NEW PERSONAL PROPERTY** must be owned or leased by an **ELIGIBLE BUSINESS**.
5. The **NEW PERSONAL PROPERTY** and the **ELIGIBLE BUSINESS** must be located in an **ELIGIBLE DISTRICT** (i.e. industrial development district).

Should you have any questions with regard to the enclosed material or procedures to be followed, please call Jackie Zamarron, Tax Abatement Specialist, at (517) 373-2168.

Enclosures

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Pepper Hamilton LLP

ROBERT W. SWANSON
Michigan Department of Labor
& Economic Growth

DENNIS R. TOFFOLO
Oakland County

PETER S. WALTERS
Guardian Industries Corp.

NEW PERSONAL PROPERTY TAX ABATEMENT PROCESS

**P.A. 328 of 1998,
as amended**

Instructions for Applicants and Local Units

Web Directions

STC Bulletin 9 of 1998

Contact List

STC Bulletin 9 of 1999

Summary

Public Act 328 of 1998

Application

Samples

Eligible Distressed Areas

Directions on the Michigan Department of Treasury Website: Locating Property Tax Exemption Forms:

www.michigan.gov/treasury

Scroll down to the “Treasury Forms” box and click on:

Property Tax Forms

Property Tax – Abatement/Exemption *

* Act 198 Industrial Facilities – Act 250 Water and Air Pollution Control – Act 328 New Personal Property – Act 146 Obsolete Property Rehabilitation Exemption - and Neighborhood Enterprise Zone Information Packets are available on the Abatement/Exemption web page.

Directly to Forms:

Act 198 – IFT Application:	www.michigan.gov/documents/1012f_2637_7.pdf
Act 451 – Water Pollution:	www.michigan.gov/documents/891_fillable_62195_7.pdf
Act 451 – Air Pollution: **	www.michigan.gov/documents/3828f_2641_7.pdf
Act 146 – Obsolete Property:	www.michigan.gov/documents/3674f_2640_7.pdf
Act 328 – New Personal Property:	www.michigan.gov/documents/3427f_108434_7.pdf
Act 147 – Neighborhood Enterprise:	www.michigan.gov/documents/2704_44158_7.pdf
IFT Supplemental Information:	www.michigan.gov/treasury/0,1607,7-121-1748_1876_1907-84835--,00.html

** Please refer to the following Department of Environmental Quality website documents for assistance in completing an air pollution control tax exemption application.

DEQ Air Quality Webpage

www.michigan.gov/deq/0,1607,7-135-3310--,00.html

DEQ Air Pollution Guidance Document

www.deq.state.mi.us/documents/DEQ-AQD-Tax_exemption_application_guidance_document.pdf

DEQ Permit Guide Book

www.deq.state.mi.us/documents/deq-ess-permits-permitguidebook.pdf

DEQ Operational Memorandum #6 – Emissions Units

www.deq.state.mi.us/documents/deq-aqd-opmemo6.pdf

DEQ Environmental Permits, Licenses, and Certifications

http://www.michigan.gov/deq/1,1607,7-135-6132_6830--,00.html

For assistance please call 517-373-3272

February 8, 2006

**MICHIGAN DEPARTMENT OF TREASURY
BUREAU OF LOCAL GOVERNMENT SERVICES
PROPERTY SERVICES DIVISION
TAX EXEMPTION SECTION**

~QUICK REFERENCE PHONE CONTACTS~

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ACTING MANAGER
517-241-1840
AmarnathS@michigan.gov

DEBBY ABBRUZZESE
517-373-3302
abbruzzesed@michigan.gov

Act 198 IFT (Industrial Facility) Treasurer Form 170
Act 198 IFT (Industrial Facility) Transfers & Amendments
Act 198 IFT (Industrial Facility) Revocations
Assessing Officers Report
Act 147 NEZ Information (please contact Mary Goff first)
Act 276 Tool & Die Recovery Zones (may also contact Dianne Wright at 517-373-0676)
Commercial Forest & MSHDA (may also contact Dianne Wright at 517-373-0676)

MARY GOFF
517-373-0675
goffm@michigan.gov

Act 147 NEZ (Neighborhood Enterprise Zone) General Information & Application Process

NANCY ARMSTRONG
517-373-3272
armstrongn@michigan.gov

Act 198 IFT (Industrial Facility) General Information, Application Process & Denials
Act 451 Pollution Control (Air-Part 59 & Water-Part 37)
Act 146 OPRA (Obsolete Property Rehabilitation Exemption)
Act 328 (New Personal Property Exemption)
Exemption Information Packets, Forms, Applications & Samples
Exemption Reports Available on Department of Treasury Website (www.michigan.gov/treasury)
Acts 244 & 245 Innovation Center Exemption Process
Act 276 (Tool & Die Recovery Zones) (may also contact Dianne Wright at 517-373-0676)

*Brownfield questions are continued to be handled by Dianne Wright (517) 373-0676, or phone Jim Mills (517) 335-4669

Summary of Property Tax Exemptions

Industrial Facilities (IFT):

PA 198 of 1974 provides a tax incentive to manufacturers in order to enable renovation and expansion of aging facilities, building of new facilities, and to promote establishment of high tech facilities. An IFT certificate entitles the facility to exemption from ad valorem real and/or personal property taxes for a period of 1 to 12 years. A certificate holder will pay a specific tax known as the Industrial Facility Tax. Applications are filed, reviewed and approved locally with the local unit determining the number of years granted, but are also subject to review at the state level by the Property Services Division and the Michigan Economic Development Corporation. The State Tax Commission is ultimately responsible for final approval and issuance of certificates. Exemptions are not effective until approved by the Commission.

Water Pollution Control:

PA 451 of 1994, Part 37, as amended, provides 100% property and sales tax exemption to facilities which are designed and operated primarily for control, capture and removal of industrial waste from the water. The Department of Environmental Quality reviews all applications and makes recommendation to the State Tax Commission on qualification. The State Tax Commission is ultimately responsible for final approval and issuance of certificates. Exemptions are not effective until approved by the Commission.

Air Pollution Control:

PA 451 of 1994, Part 59, as amended, provides 100% property and sales tax exemption to facilities which are designed and operated for the primary purpose of controlling or disposing of air pollution that if released would render the air harmful or inimical to the public health or to property within this state. The Department of Environmental Quality reviews all applications and makes recommendation to the State Tax Commission on qualification. The State Tax Commission is ultimately responsible for final approval and issuance of certificates. Exemptions are not effective until approved by the Commission.

New Personal Property:

PA 328 of 1998, as amended, provides 100% property tax exemption for specific businesses located in eligible distressed communities. The exemption is for all new personal property placed in a district that has been established by the local unit of government. The local unit of government determines the number of years granted for the exemption. Applications are approved at the local and state levels. The State Tax Commission is ultimately responsible for final approval. Exemptions are not effective until approved by the Commission.

Obsolete Property Rehabilitation (OPRA):

PA 146 of 2000 provides commercial and commercial housing property tax exemptions. Applications must be approved at the local and State levels, with a certificate issued by the State Tax Commission to be effective. The property must have at least a 50% obsolescence finding from an eligible community assessor and be located in an established OPRA District. Exemptions are approved for one to twelve years to be determined by the local unit of government with taxes based on the previous years (prior to rehabilitation) taxable value. This value is frozen for the length of the abatement. Each year the State Treasurer may approve 25 additional reductions of half the school operating and state education taxes for a period not to exceed six years.

Neighborhood Enterprise (NEZ):

PA 147 of 1992 provides for the development and rehabilitation of residential housing located in eligible distressed communities. A certificate holder will pay a specific tax known as the Neighborhood Enterprise Zone Tax. Applications are filed, reviewed and approved locally, but are also subject to review at the state level by the Property Services Division. Exemptions are approved for a new or rehabilitated facility as allowed by the Act. The State Tax Commission is ultimately responsible for final approval and issuance of certificates. Exemptions are not effective until approved by the Commission.

Application for Exemption of New Personal Property

Issued under P.A. 328 of 1998. An exemption will not be effective until approved by the State Tax Commission.

INSTRUCTIONS: Read instructions on page 2 of this form before completing this application. File the original and two copies of this form and the required attachments (resolution approving, copy of legal description and a detailed description of the business operations) with the clerk of the local government unit. The State Tax Commission requires two complete sets.

PART 1: APPLICANT INFORMATION

1a. Applicant/Company Name (Applicant must be an ELIGIBLE BUSINESS)		2. County	
1b. Company Mailing Address (No. and Street, P.O. Box, City, State, ZIP Code)		3. City/Township/Village (indicate which)	
1c. Location of Eligible Business (No. and Street, City, State, ZIP Code)	4a. Local School District	4b. School Code	
5. Check below the type of business in which you are engaged and provide a detailed description of the business operation on a separate sheet			
<input type="checkbox"/> Manufacturing <input type="checkbox"/> Research & Development <input type="checkbox"/> Office Operations <input type="checkbox"/> Mining <input type="checkbox"/> Wholesale Trade			
6a. Identify type of ELIGIBLE DISTRICT where Eligible Business and New Personal Property will be located	6b. Governing Unit that Established ELIGIBLE DISTRICT	6c. Date ELIGIBLE DISTRICT was Established	
7. Name of Person in the Eligible Business to Contact for Further Information		8. Telephone Number	
9. Mailing Address			

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 of the information is truly descriptive of the property for which application is being made. The undersigned, authorized officer further certifies that the applicant is an Eligible Business as defined in P.A. 328 of 1998.

11. Name of Company Official		12. Title	
13. Signature (No Authorized Agents)		14. Date	
15. Mailing Address (include City, State and ZIP Code)			
16. Email Address	17. Telephone Number	18. Fax Number	

PART 2: LOCAL GOVERNMENT UNIT CLERK VERIFICATION

19. Name of Local Governmental Unit Which Passed Resolution for Exemption of New Personal Property		20. Date of Resolution (Attach Copy)	21. Expiration Date of Exemption
22. Name of Clerk		23. Date application was received by Local Unit	
24. Clerk's Signature		25. Clerk's Mailing Address	
26. Telephone Number	27. Fax Number	28. Email Address	
29. LUCI Code	30. School Code	31. Date District was Established	

STATE TAX COMMISSION USE			
Application No.	Date Received	LUCI Code	School Code

Instructions for Completing Form 3427, Application for Exemption of New Personal Property

As a supplement to the following instructions, please read State Tax Commission (STC) Bulletin No. 9 of 1999 which explains the provisions of Public Act (P.A.) 328 of 1998, as amended.

Line 1: P.A. 328 of 1998, as amended, states that, to qualify for exemption, New Personal Property must be owned or leased by an Eligible Business. Please see page 2 of STC Bulletin No. 9 of 1999 for the definition of an Eligible Business. Please note that a copy of the legal description for the property where the Eligible Business is located must be attached.

Line 2, 3, 4: Indicate the county; the city or township; or village; and the local school district in which the New Personal Property and the Eligible Business will be located.

Line 5: P.A. 328 of 1998, as amended, provides that an Eligible Business must be engaged in one of the following types of businesses: manufacturing, mining, research and development, wholesale trade, or office operations. Please see page 2 of STC Bulletin No. 9 of 1999 for the definition of an Eligible Business. Please note that a detailed description of the business operation must be provided on a separate sheet.

Line 6 a-c: P.A. 328 of 1998, as amended, provides that New Personal Property and the Eligible Business must be located in an Eligible District. Please see page 4 of STC Bulletin No. 9 of 1998 for a listing of the eight different types of Eligible Districts.

Line 7: If there is someone in your business, other than the person signing this application, who should be contacted if further information is needed, please name the person on line 7.

Line 10b: Note that a signature from a company official is required on line 13. This application cannot be processed without a signature.

Lines 19 to 31: These lines must be completed by the Clerk of the Local Governmental Unit which has adopted the resolution required by P.A. 328 of 1998, as amended.

Note that a copy of the resolution, a legal description, and a detailed description of the business operations must be sent to the State Tax Commission along with this application. Once issued, the exemption will pertain to all new personal property placed in the eligible district for the entire length of time approved by the local unit and issued by the State Tax Commission. The exemption may not be limited to specific new personal property or a lesser time than the full length of issuance. If any of the information requested on lines 19 to 31 is missing, this form will be returned to the Clerk.

ELIGIBLE DISTRESSED AREAS

Section 11 of Public Act 346 of 1966 defines an “eligible distressed area” as one or more of the following:

1. **Community Wide:**

A community that meets all of the following requirements (formula allocation):

- A. The municipality shows a negative population change from 1970 to the date of the most recent federal decennial census.
- B. The municipality shows an overall increase in the state equalized value of real and personal property of less than the statewide average increase since 1972.
- C. The municipality has a poverty rate, as defined by the most recent decennial census, greater than the statewide average.
- D. The municipality has had an unemployment rate higher than the statewide average unemployment rate for three of the preceding five years (Section 11(u)(ii)).

2. **Blighted Areas Within a Community:**

An area located in a city with a population of at least 10,000 which is either designated as a “blighted area” by a local legislative body or which is determined by the Authority to be blighted or largely vacant by reason of clearance or blight. If the Authority designates the area as blighted, it must determine that private enterprise has failed to provide a supply of adequate, safe, and sanitary dwellings sufficient to meet market demand. In addition, the city must approve the changes in income limits that are associated with this designation by either a resolution or written communication from the higher legislative body of the city or the mayor (Section 11(u)(i)(B)).

3. **Neighborhood Enterprise Zone Qualified Communities:**

An area located in a local unit of government certified by the Michigan Enterprise Zone Authority as meeting the criteria prescribed in Section 2(d) of the Neighborhood Enterprise Zone Act of 1992. These criteria now include all county seats.

ELIGIBLE DISTRESSED AREAS
February 16, 2006

CITIES

Adrian	Grand Rapids	Munising
Albion	Grayling	Muskegon
Allegan	Hamtramck	Muskegon Heights
Alma	Harbor Beach	Norton Shores
Alpena	Harper Woods	Norway
Ann Arbor	Harrison	Oak Park
Atlanta	Harrisville	Omer
Bad Axe	Hart	Onaway
Bangor	Hartford	Owosso
Battle Creek	Hastings	Petoskey
Bay City	Hazel Park	Pinconning
Benton Harbor	Highland Park	Pontiac
Bessemer	Hillsdale	Port Huron
Big Rapids	Holland	Portage
Bronson	Houghton	Reed City
Burton	Howell	River Rouge
Cadillac	Inkster	Rogers City
Carson City	Ionia	Saginaw
Caspian	Iron Mountain	Sandusky
Center Line	Iron River	Sault Ste. Marie
Charlevoix	Ironwood	St. Ignace
Charlotte	Ishpeming	St. Johns
Cheboygan	Ithaca	St. Joseph
Coldwater	Jackson	St. Louis
Coleman	Kalamazoo	Southfield
Corunna	Lake City	Standish
Crystal Falls	Lansing	Stanton
Dearborn	Lapeer	Sturgis
Dearborn Heights	Lincoln Park	Tawas City
Detroit	Livonia	Taylor
Dowagiac	Ludington	Three Rivers
East Lansing	Manistee	Traverse City
Eastpointe	Manistique	Trenton
Ecorse	Marquette	Vassar
Escanaba	Marshall	Wakefield
Ferndale	Mason	Warren
Flint	Melvindale	Wayne
Gaastra	Menominee	West Branch
Gaylord	Midland	White Cloud
Gibraltar	Monroe	Wyandotte
Gladstone	Mt. Clemens	Wyoming
Gladwin	Mt. Morris	Ypsilanti
Grand Haven	Mt. Pleasant	

VILLAGES

Baldwin
Bellaire
Beulah
Caro
Cassopolis

Centreville
Eagle River
Kalkaska
L'Anse
Leland

Mio
Newberry
Ontonagon
Paw Paw
Roscommon

TOWNSHIPS

Benton (Berrien)
Buena Vista (Saginaw)
Calumet (Houghton)
Carp Lake (Ontonagon)
Carrollton (Saginaw)
Champion (Marquette)
Columbia (Tuscola)
Duncan (Houghton)
Elba (Gratiot)

Elmwood (Tuscola)
Emerson (Gratiot)
Genesee (Genesee)
Marlette (Sanilac)
Minden (Sanilac)
Montrose (Genesee)
Mt. Morris (Genesee)
Oscoda (Iosco)
Pulawski (Presque Isle)

Redford (Wayne)
Royal Oak (Oakland)
Sebewaing (Huron)
Sheridan (Calhoun)
Spaulding (Saginaw)
Turner (Arenac)
Wisner (Tuscola)

TOTAL=168 EDAs: 128 Cities, 25 Townships, and 15 Villages.

State Tax Commission Bulletin No. 9 of 1998

(Replaced by STC Bulletin 9 of 1999)

September 18, 1998

Exemption of "New Personal Property"

TO: Assessing Officers

FROM: State Tax Commission

RE: Exemption of NEW PERSONAL PROPERTY

Attached is a copy of Public Act (PA) 328 of 1998 which was signed by the Governor on 8/6/98 with an effective date of 8/7/98. PA 328 of 1998 exempts certain PERSONAL PROPERTY when certain specific conditions are met. The purpose of this bulletin is to explain this new personal property exemption which takes effect for the first time in the 1999 assessment year.

PA 328 of 1998 states that the governing body of an ELIGIBLE LOCAL ASSESSING DISTRICT may adopt a resolution which provides for the exemption of ALL NEW PERSONAL PROPERTY of an ELIGIBLE BUSINESS located in an ELIGIBLE DISTRICT OR DISTRICTS designated in the resolution.

The words in the paragraph above which are printed in capitalized letters will be defined later in this bulletin.

To repeat, PA 328 of 1998 provides for the exemption of certain personal property provided ALL of the following conditions are met:

The personal property must be NEW PERSONAL PROPERTY (defined later in this bulletin).

The personal property must be located in an ELIGIBLE LOCAL ASSESSING DISTRICT (defined later in this bulletin)

The eligible local assessing district must adopt a resolution which provides for the exemption.

The new personal property must be owned or leased by an ELIGIBLE BUSINESS (defined later in this bulletin).

The new personal property and the eligible business must be located in an ELIGIBLE DISTRICT (defined later in this bulletin) on tax day. An example of an ELIGIBLE DISTRICT is an Industrial Development District.

Each of these five conditions will be discussed separately in the next part of this bulletin.

Condition #1: The personal property must be NEW PERSONAL PROPERTY

NEW PERSONAL PROPERTY must meet BOTH of the following 2 requirements:

Requirement #1: It must be personal property that was NOT previously subject to tax under the General Property Tax Act. The following are examples of personal property that was NOT previously subject to tax under the General Property Tax Act.

New (versus used) personal property which was not subject to the personal property tax before because it did not exist as of a prior tax day.

Used personal property which was not subject to personal property tax before because it was previously exempt.

An example would be office equipment previously exempt because it was owned by the State of Michigan which has been sold to an ELIGIBLE BUSINESS.

Used personal property which was not subject to personal property tax before because it was previously located in another State other than Michigan.

Requirement #2: It must be personal property that was placed in the ELIGIBLE DISTRICT (such as an Industrial Development District) after the local assessing district adopts the resolution which provides for the exemption. Therefore, personal property which was located in the ELIGIBLE DISTRICT prior to the adoption of the resolution would not qualify for the exemption.

IMPORTANT NOTE: The exemption provided by PA 328 of 1998 applies to all NEW PERSONAL PROPERTY placed in the ELIGIBLE DISTRICT after the local assessing district adopts the resolution and prior to Jan. 1 of the last year of the exemption. Therefore, if an exemption were granted for a 10 year period, the NEW PERSONAL PROPERTY purchased in the 9th year of the exemption would be exempt for 1 year only.

IMPORTANT NOTE: The State Tax Commission advises that the assessor should require that 2 personal property statements be filed each year by an ELIGIBLE BUSINESSES which receives this exemption. One statement is for the exempt NEW PERSONAL PROPERTY and the other is for all other personal property.

Condition #2: The personal property must be located in an ELIGIBLE LOCAL ASSESSING DISTRICT

ELIGIBLE LOCAL ASSESSING DISTRICT is defined in PA 328 of 1998 as a city, village, or township that contains an ELIGIBLE DISTRESSED AREA. ELIGIBLE DISTRESSED AREA is defined in Michigan Compiled Law (MCL) 125.1411(u). A copy of the definition is contained in the addendum to this bulletin on page 9. A list of those cities and townships which met the definition of ELIGIBLE DISTRESSED AREA as of January 1, 1998 is also contained in the addendum on page 10 of this bulletin. As of the date of this bulletin, there are no villages which qualify as ELIGIBLE LOCAL ASSESSING DISTRICTS because none of them contain an ELIGIBLE DISTRESSED AREA.

Important Note: PA 328 of 1998 requires that there be an ELIGIBLE DISTRESSED AREA in the city, village, or township which grants the exemption. The law does NOT require that the new personal property be actually located in the ELIGIBLE DISTRESSED AREA.

Condition #3: The eligible LOCAL ASSESSING DISTRICT must adopt a resolution which provides for the exemption.

Contents of the Resolution: The following are required to be contained in the resolution adopted by the local assessing district.

The ELIGIBLE DISTRICT (defined later in this bulletin) must be identified or created.

The period during which the new personal property is exempt must be specified. The governing body of the local assessing district may grant the exemption for any number of years that it chooses as long as a specific ending date is named.

The ELIGIBLE BUSINESS must be identified.

Condition #4: The NEW PERSONAL PROPERTY must be owned or leased by an ELIGIBLE BUSINESS.

ELIGIBLE BUSINESS is defined in MCL 207.803(c) as follows:

"Eligible business" means a business that proposes to create qualified jobs in this state after the effective date of this act in manufacturing, mining, research and development, wholesale and trade, or office operations. An eligible business does not include retail establishments, professional sports stadiums, or that portion of an eligible business used exclusively for retail sales.

The Local Unit is responsible for requiring that a particular business is an "eligible business". The local unit must:

indicate which category the business fits into, that is manufacturing, mining, research and development, wholesale and trade, or office operations.

Determine that the business is "proposing to create qualified jobs". (The Tax Commission interprets the term "qualified jobs" to mean jobs that conform with State and Federal minimum wage laws.)

Condition #5: The NEW PERSONAL PROPERTY and the ELIGIBLE BUSINESS must be located in an ELIGIBLE DISTRICT

An eligible district means any of the following:

An Industrial Development District as that term is defined in 1974 PA 198, MCL 207.551 to 207.572.

A Renaissance Zone as that term is defined in the Michigan Renaissance Zone Act, 1996 PA 376, MCL 125.2681 to 125.2696.

An Enterprise Zone as that term is defined in the Enterprise Zone Act, 1985 PA 224, MCL 125.2101 to 125.2123.

A Brownfield Redevelopment Zone as that term is defined in the Brownfield Redevelopment Financing Act, 1996 PA 381, MCL 125.2651 to 125.2672.

An Empowerment Zone designated under subchapter U of Chapter 1 of the Internal Revenue Code of 1986, 26 U.S.C. 1391 to 1397F.

An Authority District or a Development Area as those terms are defined in the Tax Increment Finance Authority Act, 1980 PA 450, MCL 125.1801 to 125.1830.

An Authority District as that term is defined in the Local Development Financing Act, 1986 PA 281, MCL 125.2151 to 125.2174.

A Downtown District or a Development Area as those terms are defined in 1975 PA 197, MCL 125.1651 to 125.1681.

The next part of this bulletin will discuss the procedures used to obtain the exemption provided by PA 328 of 1998.

Briefly the procedure is a 4-step process.

An ELIGIBLE BUSINESS submits an application for the exemption to the governing body of an ELIGIBLE LOCAL ASSESSING DISTRICT.

The governing body of an ELIGIBLE LOCAL ASSESSING DISTRICT adopts a resolution which provides for the exemption.

The State Treasurer, with the written concurrence of the Michigan Jobs Commission advises the State Tax Commission as to whether exempting the NEW PERSONAL PROPERTY of the ELIGIBLE BUSINESS is necessary to reduce unemployment, promote economic growth, and increase capital investment in the State.

The State Tax Commission approves or disapproves the resolution.

The following is a discussion of each of these steps:

STEP 1: Application for the Exemption

An ELIGIBLE BUSINESS which is seeking the exemption provided by PA 328 of 1998 must fill out the application developed by the State Tax Commission and submit it to the governing body of an ELIGIBLE LOCAL ASSESSING DISTRICT. A copy of the application prescribed by the State Tax Commission is contained in the addendum to this bulletin.

STEP 2 Adoption of the Resolution

The governing body of an ELIGIBLE LOCAL ASSESSING DISTRICT must adopt a resolution which provides for the exemption.

As stated earlier in this bulletin, the following are required to be contained in the resolution adopted by the ELIGIBLE LOCAL ASSESSING DISTRICT:

The ELIGIBLE DISTRICT must be identified or created.

The period during which the personal property is exempt must be specified including an ending date.

The ELIGIBLE BUSINESS must be identified.

STEP 3: The State Treasurer and the Michigan Jobs Commission Advises the State Tax Commission

PA 328 of 1998 provides that the State Treasurer, with the written concurrence of the Michigan Jobs Commission, shall advise the State Tax Commission as to whether exempting the NEW PERSONAL PROPERTY of the ELIGIBLE BUSINESS is necessary to reduce unemployment, promote economic growth, and increase capitol investment in Michigan.

STEP 4: The State Tax Commission Approves or Disapproves

PA 328 of 1998 provides that the exemption of NEW PERSONAL PROPERTY becomes effective on December 31 next following the approval of the resolution by the governing body of the LOCAL ASSESSING DISTRICT.

However, the law also provides that a copy of the resolution shall be filed with the State Tax Commission and that the exemption shall not become effective unless approved by the State Tax Commission. The State Tax Commission must approve or disapprove the resolution within 60 days of receipt of the resolution from the governing body of the ELIGIBLE LOCAL ASSESSING DISTRICT.

This means, for example, that a governing body could adopt a resolution on December 30, 1998 and it would not be effective for the 1999 assessment year unless the State Tax Commission approved the resolution. In this example, the Tax Commission's approval or disapproval could occur as late as February 1999 for an exemption on the 1999 assessment roll.

NOTE: Each business receiving an exemption under this act must be identified in a resolution. A separate resolution must be passed by the local unit before an eligible business, not identified in the original or subsequent resolutions, may receive an exemption. This situation may arise if an eligible business locates in an eligible district after a resolution for a different company has already been passed, or if a business within an eligible district becomes an eligible business after a resolution for a different company has already been passed.

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State Tax Commission Bulletin No. 9 of 1999

DATE: May 10, 1999
TO: Assessing Officers
FROM: State Tax Commission (STC)

RE: EXEMPTION OF NEW PERSONAL PROPERTY

Attached is a copy of Public Act (PA) 20 of 1999 which was signed by the Governor on April 30, 1999 with an effective date of April 30, 1999. PA 20 of 1999 amends PA 328 of 1998 which exempts NEW PERSONAL PROPERTY when certain conditions are met.

The purpose of this bulletin is to inform assessors about the changes in the exemption of NEW PERSONAL PROPERTY contained in PA 20 of 1999. These changes will be explained in the next 7 pages of this bulletin. The rest of this bulletin will be a repeat of the first 6 pages of STC Bulletin 9 of 1998 with those parts being lined through which no longer apply.

IMPORTANT NOTE:

Please note that the application form included with this bulletin has been changed to reflect the amendments contained in PA 20 of 1999. Please also note that an updated list of Distressed Communities is also included with this bulletin.

CHANGES IN THE EXEMPTION OF NEW PERSONAL PROPERTY CONTAINED IN PA 20 OF 1999

There are three major changes in the exemption of NEW PERSONAL PROPERTY contained in PA 20 of 1999.

The Assessor and Each Taxing Unit Shall be Afforded a Hearing

PA 20 of 1999 requires that, before acting on a resolution for exemption, the clerk of the eligible local assessing district shall notify (in writing) the assessor and the legislative body of each taxing unit that levies ad valorem taxes in the eligible local assessing district. The assessor and a representative of the affected taxing units shall be afforded an opportunity for a hearing before the governing body of the eligible local assessing district.

New Definition of ELIGIBLE BUSINESS

The following is the new definition of ELIGIBLE BUSINESS contained in PA 20 of 1999.

"Eligible business" means, effective August 7, 1998, a business engaged primarily in manufacturing, mining, research and development, wholesale trade, or office operations. Eligible business does not include a casino, retail establishment, professional sports stadium, or that portion of an eligible business used exclusively for retail sales. As used in this subdivision, "casino" means a casino regulated by this state pursuant to the Michigan Gaming Control and Revenue Act, The Initiated Law of 1996, MCL 432.201 to 432.226, and all property associated or affiliated with the operation of a casino, including, but not limited to, a parking lot, hotel, motel, or retail store.

The main differences between this definition and the original definition referred to in PA 328 of 1998 are the following:

An ELIGIBLE BUSINESS is no longer required to propose to create qualified jobs.

Prior to PA 20 of 1999, a business engaged in wholesale and trade qualified as an "Eligible Business". PA 20 of 1999 changed "wholesale and trade" to "wholesale trade" by dropping the word "and".

Casinos are now included in the list of businesses which are specifically named as NOT being ELIGIBLE BUSINESSES (along with retail establishments, professional sports stadiums, and that part of eligible businesses used exclusively for retail sales). This list of 4 INELIGIBLE businesses is not all-inclusive. There are other businesses which are NOT ELIGIBLE BUSINESSES. Indeed, only businesses which are engaged primarily in manufacturing, mining, research and development, wholesale trade, or office operation are

ELIGIBLE BUSINESSES.

NEW PERSONAL PROPERTY Does Not Include Buildings on Leased Land and Property Described in Michigan Compiled Law (MCL) 211.8(h), 211.8(i), and 211.8(j).

The following are NOT eligible for exemption as NEW PERSONAL PROPERTY:

Buildings on leased land as described in MCL 211.14(6).

Leasehold improvements of a real property nature and structures installed and constructed on real property by a tenant (lessee) as described in MCL 211.8(h)

Leasehold estates created in a sandwich lease situation as described in MCL 211.8(i).

Leasehold estates created by the difference between contract rent and market rent as described in MCL 211.8(j).

ELIGIBLE DISTRESSED COMMUNITIES: As of January 1, 1999

CITIES TOWNSHIPS

*Albion	Ishpeming	Benton	(Berrien)
Alma	*Jackson	Brookfield	(Huron)
**Alpena	*Kalamazoo	Buena Vista	(Saginaw)
Bangor	**Lansing	Calumet	(Houghton)
*Battle Creek	*Lincoln Park	Carrollton	(Saginaw)
*Bay City	Ludington	Champion	(Marquette)
*Benton Harbor	Manistee	Covington	(Baraga)
Bronson	Manistique	Emerson	(Gratiot)
Burton	**Melvindale	Fairfield	(Lenawee)
Carson City	Mount Morris	Fairgrove	(Tuscola)
Caspian	*Muskegon	Genesee	(Genesee)
Cheboygan	*Muskegon Heights	Indianfields	(Tuscola)

Coleman	**Oak Park	McMillan	(Ontonagon)
*Detroit	Onaway	Mount Morris	(Genesee)
Dowagiac	Owosso	Mueller	(Schoolcraft)
*Ecorse	Pinconning	Osceola	Houghton)
Escanaba	*Pontiac	Posen	(Presque Isle)
**Ferndale	*Port Huron	*Royal Oak	(Oakland)
*Flint	*River Rouge	Sherman	Keweenaw)
*Grand Rapids	*Saginaw	Spaulding	(Saginaw)
Graying	St. Louis	Turner	(Arenac)
*Hamtramck	Stambaugh	Vernon	(Isabella)
Harbor Beach	Vassar	Wheeler	(Gratiot)
Hart	Wakefield	Winsor	(Huron)
Hartford	**Wayne	Wisner	(Tuscola)
*Hazel Park	**Wyandotte	Zilwaukee	(Saginaw)
*Highland Park	**Ypsilanti		
*Inkster			
Ionia			
Iron River			
Ironwood			

*Communities that are NEZ eligible AND meet the criteria for Eligible Distressed Areas.

**Communities that do NOT meet one or more of the four statutory tests for Eligible Distressed Areas, but are eligible based on classification as NEZs under the Neighborhood Enterprise Zone Act of 1992.

58 Cities, 26 Townships, 84 Total Eligible Distressed Areas, 9 of which are NEZ eligible but do not meet Eligible Distressed Area requirements.

THE GENERAL PROPERTY TAX ACT (EXCERPT)
Act 206 of 1893

211.9f Personal property of business; tax exemption; hearing; duration of exemption; approval or disapproval of resolution by state tax commission; definitions.

Sec. 9f.

(1) The governing body of an eligible local assessing district may adopt a resolution to exempt from the collection of taxes under this act all new personal property owned or leased by an eligible business located in 1 or more eligible districts designated in the resolution. The clerk of the eligible local assessing district shall notify in writing the assessor of the local tax collecting unit in which the eligible district is located and the legislative body of each taxing unit that levies ad valorem property taxes in the eligible local assessing district in which the eligible district is located. Before acting on the resolution, the governing body of the eligible local assessing district shall afford the assessor and a representative of the affected taxing units an opportunity for a hearing.

(2) The exemption under this section is effective on the December 31 immediately succeeding the adoption of the resolution by the governing body of the eligible local assessing district and shall continue in effect for a period specified in the resolution. A copy of the resolution shall be filed with the state tax commission. A resolution is not effective unless approved by the state tax commission as provided in subsection (3).

(3) Not more than 60 days after receipt of a copy of the resolution adopted under subsection (1), the state tax commission shall approve or disapprove the resolution. The state treasurer, with the written concurrence of the president of the Michigan strategic fund, shall advise the state tax commission as to whether exempting new personal property of the eligible business is necessary to reduce unemployment, promote economic growth, and increase capital investment in this state.

(4) Notwithstanding the amendatory act that added section 2(1)(c), all of the following shall apply to an exemption under this section that was approved by the state tax commission on or before April 30, 1999, regardless of the effective date of the exemption:

(a) The exemption shall be continued for the term authorized by the resolution adopted by the governing body of the eligible local assessing district and approved by the state tax commission with respect to buildings and improvements constructed on leased real property during the term of the exemption if the value of the real property is not assessed to the owner of the buildings and improvements.

(b) The exemption shall not be impaired or restricted with respect to buildings and improvements constructed on leased real property during the term of the exemption if the value of the real property is not assessed to the owner of the buildings and improvements.

(5) As used in this section:

(a) "Eligible business" means, effective August 7, 1998, a business engaged primarily in manufacturing, mining, research and development, wholesale trade, or office operations. Eligible business does not include a casino, retail establishment, professional sports stadium, or that portion of an eligible business used exclusively for retail sales. As used in this subdivision, "casino" means a casino regulated by this state pursuant to the Michigan gaming control and revenue act, the Initiated Law of 1996, MCL 432.201 to 432.226, and all property associated or

affiliated with the operation of a casino, including, but not limited to, a parking lot, hotel, motel, or retail store.

(b) "Eligible district" means 1 or more of the following:

(i) An industrial development district as that term is defined in 1974 PA 198, MCL 207.551 to 207.572.

(ii) A renaissance zone as that term is defined in the Michigan renaissance zone act, 1996 PA 376, MCL 125.2681 to 125.2696.

(iii) An enterprise zone as that term is defined in the enterprise zone act, 1985 PA 224, MCL 125.2101 to 125.2123.

(iv) A brownfield redevelopment zone as that term is designated under the brownfield redevelopment financing act, 1996 PA 381, MCL 125.2651 to 125.2672.

(v) An empowerment zone designated under subchapter U of chapter 1 of the internal revenue code of 1986, 26 USC 1391 to 1397F.

(vi) An authority district or a development area as those terms are defined in the tax increment finance authority act, 1980 PA 450, MCL 125.1801 to 125.1830.

(vii) An authority district as that term is defined in the local development financing act, 1986 PA 281, MCL 125.2151 to 125.2174.

(viii) A downtown district or a development area as those terms are defined in 1975 PA 197, MCL 125.1651 to 125.1681.

(c) "Eligible distressed area" means 1 of the following:

(i) That term as defined in section 11 of the state housing development authority act of 1966, 1966 PA 346, MCL 125.1411.

(ii) An area that contains an eligible business as described in section 8(5)(b)(ii) of the Michigan economic growth authority act, 1995 PA 24, MCL 207.808.

(d) "Eligible local assessing district" means a city, village, or township that contains an eligible distressed area.

(e) "New personal property" means personal property that was not previously subject to tax under this act and that is placed in an eligible district after a resolution under subsection (1) is approved by the eligible local assessing district. As used in this subdivision, for exemptions approved by the state tax commission under subsection (3) after April 30, 1999, new personal property does not include buildings described in section 14(6) and personal property described in section 8(h), (i), and (j).

History: Add. 1998, Act 328, Imd. Eff. Aug. 7, 1998 ;-- Am. 1999, Act 20, Imd. Eff. Apr. 30, 1999 ;-- Am. 2000, Act 415, Imd. Eff. Jan. 8, 2001 ;-- Am. 2004, Act 79, Imd. Eff. Apr. 21, 2004
Popular Name: Act 206

**SAMPLE RESOLUTION TO APPROVE A NEW
PERSONAL PROPERTY EXEMPTION APPLICATION
P.A. 328 OF 1998, AS AMENDED**

Minutes of a (regular/special) meeting of the (governing body) of (governmental unit), held on (date), at (place) in (location) at (time).

PRESENT:

ABSENT:

The following preamble and resolution were offered by _____
And supported by _____:

Resolution Approving a New Personal Property Exemption Application for (Applicant), Located at (address)

**
WHEREAS, pursuant to P.A. 328 of 1998, as amended, after a duly noticed public hearing held on (date), the (governmental body) of the (governmental unit), an eligible distressed area as defined in Section 11 of the State Housing Development Authority Act of P.A. 346 of 1966, by Resolution, established a (IDD, Renaissance Zone, Enterprise Zone, Brownfield Zone, Empowerment Zone, TIFA, LDFA, DDA) District, named (name) on (date); and

WHEREAS, the applicant (name), a (manufacturing, mining, research & development, wholesale trade, or office operations) eligible business, has filed an application for Exemption of New Personal Property; and

WHEREAS, before acting on said application, the (governmental body) of the (governmental unit) held a public hearing held on (date), at (location), at (time), at which the Applicant, the City Assessor, and a representative of the effected taxing units were given written notice and were afforded an opportunity to be heard on said Application; and

NOW, THEREFORE, BE IT RESOLVED by the (governmental body) of (governmental unit):

The (governmental body) of the (governmental unit) finds and determines that the granting of the Exemption of New Personal Property currently in force under P.A. 328 of 1998, as amended, shall not have the effect of substantially impeding the operation, or impairing the financial soundness of the taxing unit which levies ad valorem property taxes in the (governmental unit); and

The New Personal Property Exemption when issued shall be, and remain in force and effective for a period of (number of years), beginning (date of local unit resolution), and ending December 30, 20(); and

The Application submitted by (applicant name), is for an Exemption of New Personal Property that will be located in the following described parcel of real estate situated within the (governmental unit), in a (kind-see above) District, named (name), established on (date);

(legal description)

AYES:

NAYS:

RESOLUTION DECLARED ADOPTED.

Clerk's Signature

I hereby certify that the foregoing constitutes a true and complete copy of a resolution adopted by the (governmental body) of the (governmental unit), in the County of (_____), Michigan, as a (regular/special) meeting held on (date).