

CITY OF BATTLE CREEK, MICHIGAN

**GUIDELINES FOR
NEW PERSONAL PROPERTY TAX
EXEMPTION
UNDER PUBLIC ACT 328 OF 1998,
AS AMENDED**

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GUIDELINES FOR PUBLIC ACT 328 OF 1998, AS AMENDED**

Michigan Public Act 328 of 1998, as amended, allows the governing body of an eligible local assessing district to adopt a resolution exempting personal property taxes for all new personal property of an “eligible business” located in an “eligible district” or districts designated in the resolution.

The City of Battle Creek recognizes the need to reduce unemployment, promote economic growth and increase its industrial and commercial tax base by selective use of Public Act 328 of 1998. The issuance of an exemption under this act requires the applicant’s proposed project to significantly comply with the purposes and goals of the act and to comply with the following guidelines.

GUIDELINES

Statute Requirements:

1. The personal property must be “new” personal property that was not previously subject to tax under Michigan’s General Property Tax Act.
2. New personal property does not include:
 - a. Buildings on leased land, as described in Section 14(6) of the General Property Tax Act [MCL 211.14(6)].
 - b. Leasehold improvements or leasehold estates, as described at Section 8(h), (i) and (j) of the General Property Tax Act [MCL 211.8(h) (i) (j)].
3. The new personal property must be owned or leased by an “eligible business.”
 - a. An “eligible business” is a business engaged primarily in manufacturing, mining, research and development, wholesale trade, or office operations.
 - b. An “eligible business” does not include a casino, retail establishment, professional sports stadium, or that portion of an eligible business used exclusively for retail sales.
4. The new personal property and the eligible business must be located in an “eligible district.”
5. An “eligible district” is defined as one of the following:

- a. An industrial development district (1974 PA 198, MCL 207.551 to 207.572).
 - b. A renaissance zone (1996 PA 376, MCL 125.2681 to 125.2696).
 - c. An enterprise zone (1985 PA 224, MCL 125.2101 to 125.2123).
 - d. A brownfield redevelopment zone (1996 PA 381, MCL 125.2651 to 125.2672).
 - e. An empowerment zone as defined in subchapter U of chapter 1 of the internal revenue code (1986, 26 U.S.C. 1391 to 1397C and 1397E to 1397F).
 - f. An authority district or development area as defined in the tax increment finance authority act (1980 PA 450, MCL 125.1801 to 125.1830).
 - g. An authority district as defined in the local development financing act (1986 PA 281, MCL 125.2151 to 125.2174).
 - h. A downtown district or development area (1975 PA 197, MCL 125.1651 to 125.1681).
6. The new personal property must be placed in an “eligible district” after the City Commission approves a resolution granting the exemption.

Minimum Local Requirements:

1. The applicant must make a total minimum private investment of \$30 million or more for land, fixtures, buildings and personal property within the first two years of the proposed exemption period.
2. The applicant must create 100 or more new, permanent full-time jobs within the first two years of the proposed exemption period.
 - a. “Permanent full-time jobs” are defined as jobs where employees are regularly scheduled to work a standard workweek, have benefits provided by the “eligible business” and are expected to continue in duration.
 - b. Part-time, seasonal or contracted employees shall not be counted towards the 100-job creation requirement.

3. The applicant must provide a median wage rate for the new jobs, at the facility located in the City of Battle Creek and granted the tax exemption pursuant to this policy, of \$16.00 per hour or more, plus benefits.
4. The City is committed to using public resources to the greatest extent possible for the benefit of all citizens regardless of race, creed, color, sex, handicap, marital status, national origin, or age, with special concern for minorities, women, disabled and veterans.

In order to achieve this goal, the Applicant must meet the City's current Contract Compliance requirements for Industrial Facilities Tax Exemptions. The Applicant must demonstrate an affirmative approach to hiring minorities and economically disadvantaged persons, as currently defined in the City's Affirmative Action Policy for Vendors and Contractors, adopted by Resolution No. 343 on August 18, 1998. (See Addendum)

5. All fees, taxes, special assessments, city water and city sewer bills, plus penalties or debts owed to the City arising from the provision of city services to the applicant, or eligible business, shall be paid in full and current.
6. Execution of a Personal Property Tax Exemption Agreement with the City.

Additional Factors and Considerations:

In addition to the above-listed statutory and minimum local requirements, the following additional factors shall be considered by the City Commission in determining whether to grant any exemption, in whole or in part, pursuant to 1998 Public Act 328, as amended.

1. The number of new jobs created and retained in the first two years of the proposed project and over the total exemption period.
2. The wage level of the new, permanent full-time jobs, including the average wage, the median wage and the overall wage range from entry level to highest level.
3. The total private investment in the first two years of the proposed project and over the total exemption period.
4. The total public investment by the City and/or its special taxing authorities, such as Tax Incremental Financing Authority, Downtown Development Authority, and Brownfield.

5. The projected new tax revenues for the City and/or its special taxing authorities, such as Tax Incremental Financing Authority, Downtown Development Authority, and Brownfield.
6. The level of technology utilized by the company, the skill level required for the proposed new jobs, and the future growth potential for the company.
7. The effect the proposed project could have on existing Battle Creek businesses, including direct competitors.
8. The identified overall cost disadvantage for an applicant to locate a new facility or expand an existing facility in the City of Battle Creek versus other competing locations.
9. The substantial commitment of assistance and incentives by the State of Michigan and/or the Michigan Economic Development Corporation (training, funding, Michigan Economic Growth Authority, Single Business Tax credit, etc.)
10. The positive impact the proposed project could have on Battle Creek's distressed areas.

Application Requirements:

1. Applications are to be made on Form 3427, as prescribed by the State Tax Commission, Michigan Department of Treasury. The applicant must attach the legal description for the facility site and a detailed description of the business operation.
2. Current copies of Form 3427 can be obtained from the City Assessor or from the Michigan Department of Treasury's web site at:

<http://www.treas.state.mi.us/formspub/propind.htm>
3. Applicants must complete and file current Contract Compliance and Equal Employment Opportunity forms with their application. Current forms can be obtained from the Contract Compliance Office or the City Assessor.
4. Applicants must complete and file a Personal Property Tax Exemption Agreement with their application. Agreement forms are to be obtained from the City Assessor.
5. Completed applications are filed with the City Clerk and shall include a \$150.00 filing fee

Administrative Requirements:

1. The assessor shall review all applications for a Personal Property Tax Exemption to determine whether the proposed project qualifies under the city's guidelines and the state statute. The Tax Abatement Committee shall review issues or questions arising during the review process before the application is submitted to the City Commission.
2. In October each year, the City staff will prepare and send a report to the City Commission regarding the exemption holders' compliance with these guidelines and the statute. The staff may request information of the exemption holder when necessary to prepare said report.
3. The median wage rate shall be reviewed annually and may be subject to annual adjustment based upon said review.
4. The holder of the exemption must file timely annual personal property statements (Form 632, as prescribed by the State Tax Commission) with the City Assessor.
5. The holder of the exemption must file timely Contract Compliance forms with the Contract Compliance Office, when requested.
6. The holder of the exemption shall file by October 1 each year a report on the current number of permanent full time jobs at its facility in the City. This report shall include the following:
 - a. Any expected increases or decreases to the current number of permanent full time jobs at its facility in the City over the course of the next twelve (12) months.
 - b. The average wage, median wage and overall wage range of permanent full time jobs at its facility in the City.
7. Non-compliance with this policy or any provisions of the Personal Property Tax Exemption Agreement shall be cause of revocation of the personal property tax exemption available pursuant to Public Act 328 of 1998, as amended.

The City Commission, after giving notice in writing by certified mail to the eligible business, no later than 14 days prior to the public hearing on the matter, may by resolution act to revoke the exemption. The exemption may be revoked if the Commission finds the eligible business in violation of any of the guidelines of this policy, the statute or the Personal Property Tax Exemption Agreement. The effective date of the revocation would be the December 31 next following the date of the resolution revoking the exemption.

CONTACTS FOR ADDITIONAL INFORMATION

Proposed Projects and Economic Incentives:

Karl Dehn	Phone	269-962-7526
BATTLE CREEK UNLIMITED	Fax:	269-962-8096
4950 W. Dickman Rd.	Email:	Dehn@BCUlimited.org
Battle Creek, MI 49015		

Application Forms and Requirements:

Steven M. Hudson	Phone	269-966-3369
CITY ASSESSOR	Fax:	269-966-0618
Room 104, City Hall	Email:	smhudson@ci.battle-creek.mi.us
10 N. Division St.		
Battle Creek, MI 49017		

Contract Compliance Forms and Requirements:

Jenee' L. Dickerson	Phone	269-966-3394
CONTRACT COMPLIANCE	Fax:	269-966-3627
Room 212, City Hall	Email:	JLDickerson@ci.battle-creek.mi.us
10 N. Division St.		
Battle Creek, MI 49017		

Application Filing and Fee:

Dee Laser	Phone	269-966-3348
CITY CLERK	Fax:	269-966-3555
Room 111, City Hall	Email:	dalsler@ci.battle-creek.mi.us
10 N. Division St.		
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