



## **CREATE Manufacturing Program**

A Program to Encourage Industrial Development and Reinvestment in the City of Wyandotte

Received by the City Council on: February 25, 2002

# CITY OF WYANDOTTE

## CREATE Manufacturing Program

### I. INTRODUCTION

To encourage industrial development and reinvestment in the City of Wyandotte, the CREATE Manufacturing Program was developed. This program seeks to accomplish six major economic development goals for industrial development within the City of Wyandotte:

- (1) Compete with newer, more strategically located industrial parks;
- (2) Retain existing manufacturers;
- (3) Expand existing manufacturing capacity and/or operations;
- (4) Attract manufacturing, research and development or other targeted and eligible businesses;
- (5) Tax base growth and retention; and
- (6) Employment growth and retention.

This program selectively utilizes Act 328 of 1998, as amended (which amends Act 206 of 1893) to exempt from the collection of taxes all new personal property owned or leased by an eligible business. The purpose of the Act is to reduce unemployment, promote economic growth, and increase capital investment in Michigan. The City of Wyandotte is eligible to use this Act because under the State Housing Development Authority Act of 1966, Act 346 of 1966, as amended, the City qualifies as an "Eligible Distressed Community." According to the Michigan Economic Development Corporation, the City is eligible to offer the incentive until at least the end of 2002. The City may be able to offer the program after said date, but due to continued increases in income levels and property values, the City's future eligibility is uncertain. Attached for additional information are copies of the following documents that more fully explain the Act: PA 328 of 1998; PA 20 of 1999 (amends PA 328); and copies of two State Tax Commission (STC) bulletins.

In summary, PA 328 provides for the exemption of certain personal property provided certain conditions are met (for details, see the attached STC Bulletin dated September 18, 1998). An eligible business is defined as a business engaged primarily in manufacturing, mining, research and development, wholesale trade or office operations. The exemption may be granted for any number of years, with the duration determined by the City Council. Generally, the exemption is similar to the existing Industrial Facilities Exemption Certificate program offered by the City except for three key differences, as follows. First, if an exemption is granted, it is a 100% exemption and applies to all new personal property placed in an eligible district after the City adopts the resolution. Real property, i.e., building and land improvements are not affected, although a 50% exemption is still available under Act 198 of 1974, as amended, if the property is within an Industrial Development District. Second, the applicant does not have to provide an itemized list of the specific machinery being added or the number of jobs created, and there is no commitment on the part of the company to actually create jobs or make any investment (as described below however, each company requesting an exemption will be required to outline their proposed investment plans). Finally, there is no limit to the duration of the exemption in the legislation, so an exemption could be granted for any number of years.

## II. ELIGIBLE COMPANIES

The City will consider applications for an exemption under PA 328 in the following instances:

1. As an incentive to existing manufacturers. Supplying the “Big Three” automotive companies, either directly or indirectly, is the primary business of 7 of our 8 largest industrial employers and taxpayers – BASF, Horizon Technology Group, Mercury Manufacturing, Wyandotte Industries, Cadon Plating, Iverson Industries, Detroit Tubular & Rivet and Eagle Trailer (manufacturers of boat trailers). According to industry experts, 75% of the suppliers to the Big Three may not exist 5 years from now because the industry continues to reduce the number of suppliers they’ll work with and because of increasing demands for cost reductions. An exemption should make Wyandotte a more competitive location for expanding, consolidating or simply maintaining operations. At a later date, the City Council may offer the program to additional manufacturers.
2. As an incentive to occupy the City’s five largest vacant industrial buildings. The five targeted buildings are all over 25,000 square feet and are as follows: (1) the former StarTek building at 191 Labadie (190,000 s.f.); (2) the former Karmazin building at 3776-11<sup>th</sup> Street (104,500 s.f.); (3) former Ace Packaging Systems at 711 Ford (33,840 s.f.); (4) former Admiral Industries at 4115-8<sup>th</sup> Street (30,000 s.f.); and (5) the former Wholesale Tool & Equipment Co. at 1336 Pennsylvania (25,000 s.f.). Any additional buildings exceeding 25,000 square feet that become vacant will also be eligible. At a later date, the City Council may offer the program to smaller buildings.
3. As an incentive to other targeted industries that the City would like to attract, such as research and development, a large office operation, or other advanced manufacturers. As an example of research and development, the State of Michigan is aggressively pursuing “Life-Science Technology” businesses and offering this incentive might entice such a development to locate in Wyandotte due to BASF’s location here and their research and development capabilities. BASF has approximately 60-acres of vacant property that might be available to uses that compliment their operations.

## III. IMPLEMENTATION

Two major courses of action will be pursued to implement this program, as outlined below.

### A. For Existing Manufacturers and Vacant Industrial Buildings

1. A letter from Mayor Sabuda will be sent to our 8 largest manufacturers (listed above). Each company will be requested to contact the City to arrange a meeting to discuss their plans for expanding or purchasing new equipment.
2. During the meeting with each company, their investment plans will be discussed and the City will require that each company submit a written outline of their proposed plans shortly thereafter. Based upon all the responses received, City staff will prepare a report outlining the potential investment generated and the jobs created and/or retained as a result of the program and will propose an “Exemption Schedule” to the Council recommending the length of exemptions based upon the following criteria: Real Property Investment; Job Creation; Job Retention; Personal Property Investment; Use Category (i.e., high-technology, advanced manufacturing or a use that significantly benefits other local businesses); and possibly other factors, such as electricity usage. Investments that will generate the most new taxable investment and that have the potential for future benefits to the City will be given the most favorable consideration. The incentive could be offered for 1-9 years, or possibly longer.

3. After City Council reviews the potential investment report and receives the proposed Exemption Schedule, each applicant will complete an application and a public hearing will be scheduled. The applications will be processed as a group to the extent possible. The Assessor and affected taxing units will be notified of the hearing.
4. A resolution will be prepared for Council consideration that includes the name of each eligible company and the recommended length of an exemption based upon the Exemption Schedule.
5. If Council adopts the resolution, the applications and the resolution will then be forwarded to the State Tax Commission, who will either approve or disapprove the application(s).
6. For the 5 selected vacant industrial buildings (listed above), the exemption could be offered for a period ranging from 1-9 years, or possibly longer. Steps 1-5 above will be repeated once a purchaser is identified.

#### B. For New Targeted Industries or Companies

1. For targeted industries or companies, the length of an exemption could be anywhere from 1-15 years, perhaps longer. An extended exemption period may be necessary because some cities have more strategic locations and/or Renaissance Zone sites available where all taxes are waived for a 15-year period. Again, the length of the exemption will be subject to negotiation and guided by the criteria in the Exemption Schedule. Examples of targeted industries are listed above and include life-science technology or research and development uses.
2. Commence discussions with BASF regarding the names of life-science technology companies and other uses that might compliment their operations.
3. Companies identified by BASF and other developers will be contacted to determine their interest in developing in Wyandotte.
4. City staff will work with interested companies to prepare exemption applications for City Council consideration.

#### **IV. ADDITIONAL INFORMATION**

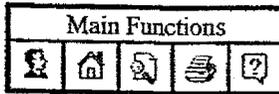
For additional information, please contact:

Community Development Director  
City of Wyandotte  
telephone: 734-324-4541  
facsimile: 734-324-4519

Attachments:

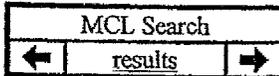
1. PA 328 of 1998 (amends PA 206 of 1893)
2. PA 20 of 1999 (amends PA 328)
3. STC bulletin dated September 18, 1998
4. STC bulletin dated May 10, 1999 (includes application and list of eligible communities)

2/27/2002

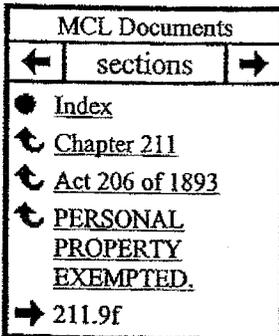


## THE GENERAL PROPERTY TAX ACT (EXCERPT)

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 U.S.C. 1391 to 1397C and 1397E 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 that term as defined in section 11 of the state housing development authority act of 1966, 1966 PA 346, MCL 125.1411.

(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 .

**Popular Name:** Act 206

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Act No. 20  
Public Acts of 1999  
Approved by the Governor  
April 30, 1999  
Filed with the Secretary of State  
April 30, 1999  
EFFECTIVE DATE: April 30, 1999

STATE OF MICHIGAN  
90TH LEGISLATURE  
REGULAR SESSION OF 1999

**Introduced by Senators Bullard, Rogers, Steil, Shugars and Byrum**

# **ENROLLED SENATE BILL No. 102**

AN ACT to amend 1893 PA 206, entitled "An act to provide for the assessment of rights and interests, including leasehold interests, in property and the levy and collection of taxes thereon, and for the collection of taxes levied; making such taxes a lien on the property taxed, establishing and continuing the lien, providing for the sale and conveyance of property delinquent for taxes, and for the inspection and disposition of lands bid off to the state and not redeemed or purchased; to provide for the establishment of a delinquent tax revolving fund and the borrowing of money by counties and the issuance of notes; to define and limit the jurisdiction of the courts in proceedings in connection therewith; to limit the time within which actions may be brought; to prescribe certain limitations with respect to rates of taxation; to prescribe certain powers and duties of certain officers, departments, agencies, and political subdivisions of this state; to provide for certain reimbursements of certain expenses incurred by units of local government; to provide penalties for the violation of this act; and to repeal certain acts and parts of acts in anywise contravening any of the provisions of this act," by amending section 9f (MCL 211.9f), as added by 1998 PA 328.

*The People of the State of Michigan enact:*

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 Michigan jobs commission or, if Executive Order No. 1999-1 goes into effect April 5, 1999, 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) 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 defined in 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 U.S.C. 1391 to 1397C and 1397E 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 that term as defined in section 11 of the state housing development authority act of 1966, 1966 PA 346, MCL 125.1411.

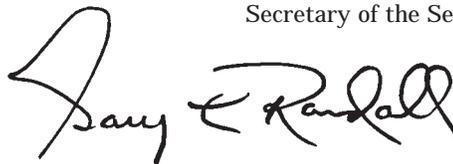
(d) "Eligible local assessing district" means a city, village, or township that contains an eligible distressed area.

(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, new personal property does not include buildings described in section 14(6) and personal property described in section 8(h), (i), and (j).

This act is ordered to take immediate effect.



Secretary of the Senate.



Clerk of the House of Representatives.

Approved \_\_\_\_\_

\_\_\_\_\_  
Governor.

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**State Tax Commission Bulletin No. 9 of 1998**

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(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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# 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 ( <b>Attach Copy</b> )	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
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## **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.

www.michigan.gov  
(To Print: use your browser's print function)

Release Date: December 05, 2007

Last Update: December 05, 2007

**Agency:** State Housing Development Authority

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## Eligible Distressed Areas (2007)

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Eligible Distressed Areas are those areas, which, because of disinvestment and demographic dislocation, represent underutilized infrastructure and exhibit higher than statewide average levels of economic distress. Communities declared Eligible Distressed Areas may receive certain enhancements to their applications for competitive MSHDA programming and certain other benefits through other state agencies.

There are no cash awards made available to residents or businesses located within communities designated as Eligible Distressed Areas.

### 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

May 25, 2007

#### CITIES

Adrian  
Albion

Hamtramck  
Harbor Beach

Muskegon Heights  
Norton Shores

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

### VILLAGES

Atlanta	Centreville	Newberry
Baldwin	Eagle River	Ontonagon
Bellaire	Kalkaska	Paw Paw
Beulah	L'Anse	Roscommon
Caro	Leland	
Cassopolis	Mio	

### TOWNSHIPS

Benton (Berrien)	Minden (Sanilac)
Buena Vista (Saginaw)	Montrose (Genesee)
Calumet (Houghton)	Mt. Morris (Genesee)
Carp Lake (Ontonagon)	Oliver (Huron County)
Carrollton (Saginaw)	Oscoda (Iosco)
Champion (Marquette)	Pulawski (Presque Isle)

Columbia (Tuscola)  
Duncan (Houghton)  
Elba (Gratiot)  
Elmwood (Tuscola)  
Emerson (Gratiot)  
Genesee (Genesee)  
Marlette (Sanilac)

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

TOTAL=169 EDAs: 127 Cities, 26 Townships, and 16 Villages.

If you have questions or comments regarding the Eligible Distressed Areas list, please email the [Market Specialist](#).

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**State Tax Commission Bulletin No. 9 of 1999**

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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).