



Industrial Facilities Tax Abatement Program Guidelines

City Clerk

40555 Utica Road

P.O. Box 8009

Sterling Heights, MI 48311-8009

Revised: July 1, 2023

Public Act 198 of 1974 (the “Act”) was enacted in the State of Michigan as an incentive program to stimulate economic growth. The City of Sterling Heights (the “City”) supports and encourages industrial development in the community through the use of the inducements contained within this Act. The primary goal of this program is to provide an atmosphere that will encourage capital formation and investment in the community. Major goals of this program are also to create employment and to prevent a loss of employment.

The City will evaluate all tax abatement applications as to whether a proposed project can be expected to diversify and expand the City’s industrial tax base and whether spin-off effects occur such as additional employment and capital investments in other areas of the private sector. The proposed project must compliment the City’s master land use plan, environmental objectives, and all applicants must satisfy all of their current financial obligations to the City. This includes being in compliance with all codes, ordinances and standards of the City, County of Macomb and State of Michigan. The City also has a right to consider the implication of current and past litigation between the Company and the City when determining the term length of a proposed tax abatement.

This incentive program involves removing real or personal property from the regular assessment roll and instead levying a specific tax called an “industrial facilities tax” upon the owner or lessee of approved industrial property. The holder of an **Industrial Facilities Tax Exemption Certificate (IFEC)** will pay a specific tax with a millage rate that is approximately half of the rate that is applied to the regular assessment roll, although the State Treasurer also has the ability to exempt all of the millage levied under the State Education Tax Act. Land or inventory personal property will not qualify for a tax abatement.

Industrial Facilities Tax Abatement Program Guidelines (p2)

To qualify for an **IFEC** an applicant must have a business that qualifies as a *manufacturing operation* **and** a new or existing industrial facility that is defined within the Act as *industrial property*. The Act defines “manufacturing” as the primary purpose of which is either “the manufacture of goods or materials or the processing of goods and materials by physical or chemical change” or “the provision of research and development laboratories of companies whether or not the company manufactures the products developed from their research activities.” To qualify as a ***manufacturing operation*** under the Act a business must fall within one of the 21 industries listed below that comprise the 2002 North American Industry Classification System (NAICS) sector for manufacturing. To obtain more specific NAICS industry information, log on to the U.S. Department of Labor website at:

www.bls.gov/iag/tgs/iag31-33.htm

- 311: Food Manufacturing
- 312: Beverage and Tobacco Manufacturing
- 313: Textile Mills
- 314: Textile Product Mills
- 315: Apparel Manufacturing
- 316: Leather and Allied Product Manufacturing
- 321: Wood Product Manufacturing
- 322: Paper Manufacturing
- 323: Printing and Related Support Activities
- 324: Petroleum and Coal Products Manufacturing
- 325: Chemical Manufacturing
- 326: Plastics and Rubber Products Manufacturing
- 327: Nonmetallic Mineral Product Manufacturing
- 331: Primary Metal Manufacturing
- 332: Fabricated Metal Product Manufacturing
- 333: Machinery Manufacturing
- 334: Computer and Electronic Product Manufacturing
- 335: Electrical equipment, Appliance, and Component Manufacturing
- 336: Transportation Equipment Manufacturing
- 337: Furniture and Related Product Manufacturing
- 339: Miscellaneous Manufacturing

Industrial Facilities Tax Abatement Program Guidelines (p3)

Industrial Property is defined in the Act as “land improvements, buildings, structures, and other real property, and machinery, equipment, furniture, and fixtures or any part or accessory whether completed or in the process of construction comprising an integrated whole, the primary purpose and use of which is the engaging in a high-technology activity, operation of a logistical optimization center, operation of qualified commercial activity, the manufacture of goods or materials, creation or synthesis of biodiesel fuel, or the processing of goods and materials by physical or chemical change.” ***Industrial property*** includes facilities related to a manufacturing operation under the same ownership, including, but not limited to, office, engineering, research and development, warehousing, or parts distribution facilities. ***Industrial property*** includes research and development laboratories of companies other than those companies that manufacture the products developed from their research activities and research development laboratories of a manufacturing company that are unrelated to the products of the company. ***Industrial property*** also includes the operation of a hydroelectric dam by a private company other than a public utility, agricultural processing facilities, and convention and trade centers over 250,000 square feet. ***Industrial Property*** may be owned *or* leased. If it is *leased*, the lessee must furnish proof that they are liable for the payment of ad valorem property taxes.

The first requirement that must be fulfilled for a business to receive a tax abatement is that all qualified industrial property, whether real or personal, must be located within an existing **Industrial Development District (IDD)**. The property’s owner must file the request for the establishment of an IDD for a proposed new or replacement facility *before* construction has commenced or before personal property assets have begun to be installed. The City Assessor will confirm whether an IDD has been established for any parcel in the City.

An IDD or **Plant Rehabilitation District** may be created by the City or by the written request of the owners of at least 75% of the value of the properties in the proposed district. The non-refundable application fee to establish both districts is **\$1,120.00** and should be made payable to the “City of Sterling Heights” and filed at the City Clerk’s Office. Both applications must be approved by a City Council resolution and only after all of the property owners in the proposed district, the general public, and all of the affected taxing jurisdictions are notified and are given an opportunity to appear at a public hearing.

Industrial Facilities Tax Abatement Program Guidelines (p4)

The City Council may also establish a **Plant Rehabilitation District (PRD)** if it is determined by the City that at least 50% of the property value within a district is obsolete. This PRD must be established prior to the granting of an IFT Certificate for the rehabilitation of this obsolete industrial property.

An owner of an industrial property located within an existing IDD may petition the City Council to designate a facility as a “*speculative building*.” This designation allows the first tenant of that facility an opportunity to apply for an IFT Certificate within nine years of when the building’s construction began, provided that the construction commenced *before* the identification of a specific user of that building. An industrial property owner should consider establishing this designation because of the advantage that it could provide in securing a long-term tenant. The **Application to Establish a Speculative Building Designation** has a non-refundable fee of **\$655.00**, and should be applied for by the building’s owner after the building has been granted final site plan approval. If a building is not designated by the City Council as speculative the facility’s owner or lessee has **six months** from the date the building construction began or when personal property began to be installed to apply for a tax abatement.

After an IDD is established, the owner or lessee of a qualified manufacturing facility may file an **Application for Industrial Facilities Tax Exemption Certificate (IFEC)** with the City Clerk’s office with a non-refundable application fee of **\$2,400.00**. This State Tax Commission (“Commission”) form (1012) is included in the city’s written tax abatement program guidelines packet or can be found at: http://www.michigan.gov/documents/1012f_2637_7.pdf

The City Assessor will assemble the IFEC Application’s information relating to the property’s legal description and sidwell identification number(s), construction commencement date(s) and the establishment of the IDD, PRD or the speculative building designation. The IFEC Application must be approved by a City Council resolution after all of the property owners, general public and all of the affected taxing jurisdictions are notified and are given an opportunity to be heard. If an application is denied the reasons must be put in the resolution and returned to the applicant who may appeal the decision to the Commission within 10 days. **The Commission retains the right not to consider applications received after October 31st for the following year.**

Industrial Facilities Tax Abatement Program Guidelines (p5)

The Act provides that that the fee charged to process an IFEC Application “shall not exceed the actual cost incurred by the local governmental unit in processing the application.” The Commission requires that all IFEC applicants and the City sign an **IFEC Application Affidavit of Fees** certifying that the fee charged to process the IFEC Application is reasonable.

All IFEC Applications require a Company Name, a NAICS industry code (previously identified as a SIC Code), address of the facility, City (Sterling Heights) and County (Macomb) name and the school district name and code.

The Utica Community School District code is “50210” and the Warren Consolidated District code is “50230.” The amount of years requested for the exemption (Question #4) may be 1-12 years but the term recommended by the City Assessing Office will always be determined by the schedules listed on the following page. The City Council has the complete discretion to award an IFEC term that is different than the recommended term length if there are circumstances that are not addressed by these guidelines or if the unemployment rate in the city is greater than 9%. The maximum term length that can be granted under this state program is **12 years**. Commission Rule 56 states that “A certificate for an industrial facilities exemption certificate shall not be issued for a term longer than an existing lease on real estate.” This rule allows the Commission the ability to extend the expiration date of an IFEC upon receipt of a request from the holder and a copy of a real property lease renewal up to the number of years that the Applicant *originally* qualified for.

The *Total Property Investment* listed on the following page includes the actual or estimated cost of real property (excluding land) and the depreciated original cost of newly acquired personal property (excluding inventory). The city will *not* allow for the abatement of used personal property unless the IFEC applicant can prove acquisitions were not previously assessed in Michigan. If used personal property is approved on an IFEC Application they still must be reported using their original cost and depreciated using STC mandated rates.

The estimated *Job Creation* total listed on the following page will include all new full time jobs created for the period that the tax abatement is in effect. The City retains the right to consider the amount of a property investment or job creation shortfall on a subsequent IFEC Application filed by the company.

Industrial Facilities Tax Abatement Program Guidelines (p6)

The schedules listed below are used in ***combination*** to calculate the Assessing Office's recommended IFEC term (with a maximum term of 12 years).

Total Property Investment

\$500,000	- \$999,999	5 Years
\$1,000,000	- \$2,999,999	6 Years
\$3,000,000	- \$4,999,999	7 Years
\$5,000,000	- \$9,999,999	8 Years
\$10,000,000	- \$19,999,999	9 Years
\$20,000,000	- \$29,999,999	10 Years
\$30,000,000	- \$39,999,999	11 Years
\$40,000,000	+	12 Years

Recommended Term Length

Job Creation

1	-	10 Jobs	1 Year
11	-	25 Jobs	2 Years
26	-	50 Jobs	3 Years
51	+	Jobs	4 Years

Recommended Term Length

The City of Sterling Heights wishes to encourage more sustainable green building and development practices within the City. The United States Green Building Council (USGBC) created **LEED** (Leadership in Energy and Environmental Design) in order to develop universally understood and accepted standards, tools and performance criteria for building construction. The **LEED Standard** covers environmental actions in sustainable sites, water efficiency, energy and atmosphere, materials and resources, indoor environmental quality and bonus credits for process and design innovation.

The City will award ***an additional one-year tax abatement term*** to the recommended IFEC term for *all* buildings that become **LEED Certified Projects** as determined by the USGBC. The City will award ***an additional two-year tax abatement term*** to the IFEC term for *all* buildings that become **LEED Certified Silver Projects** and will award ***an additional three-year tax abatement term*** to the IFEC term for those buildings that become certified as either **LEED Gold** or **LEED Platinum** projects. All IFEC Applicants will have ***120 days*** after the completion of their real property improvements to provide the City with written proof of their building's LEED certification.

Industrial Facilities Tax Abatement Program Guidelines (p7)

The City wishes to encourage more high-technology activities by awarding an additional **one-year IFEC term** beyond the amount of years that would be recommended by using the existing IFEC term schedules for those industrial businesses primarily engaged in a **“high technology activity,”** which include:

- Advanced computing and materials
- Biotechnology
- Electronic device technology
- Engineering or laboratory testing
- Environmental cleanup technology
- Pollution prevention technology
- Medical device technology
- Product research and development.
- Advanced vehicles technology
- Life sciences technology
- Homeland security
- Defense technology
- Alternative energy technology

Within 60 days of the receipt of an approved IFEC Application the Commission will notify the State Treasurer of the application and will seek concurrence from the Michigan Economic Development Corporation (MEDC) that the application complies with all of the requirements of Act 198. The State Treasurer may exclude half or all of the millage levied under the State Education Act if it determines that reducing this rate is necessary to reduce unemployment, promote economic growth, and increase capital investment. They will issue an **Industrial Facilities Tax Exemption Certificate (IFEC)** and will send a certified copy to the IFEC Applicant and to the City Assessor.

The owner or lessee of property for which an IFEC has been issued is exempt from ad valorem property taxes for the term of the IFEC and is issued an *industrial facilities tax* that is approximately 50% of a regular tax amount. An IFEC will remain in effect for the term determined by the City Council commencing with its effective date (December 31st following the date the IFEC was issued). The Act also gives the City the option of having the IFEC end up to two years after the *completion date* of the property investment if the size and complexity of the investment dictates a longer acquisition period.

Industrial Facilities Tax Abatement Program Guidelines (p8)

Before the City Council acts on an IFEC Application the City will review any existing property for which an abatement has been requested to determine whether there are any unpaid taxes, invoices or assessments and whether the facility is in compliance with all applicable codes and ordinances relating to property maintenance and required utility upgrades. The City will *not* submit an application to the City Council until ***all*** performance issues are resolved.

The Act requires a written agreement between the Applicant and the City for performance or other issues of concern. The **IFEC Letter of Agreement** outlines specific performance criteria for the applicant such as making estimated property investments, creating jobs and complying with all applicable laws and regulations. It also provides the City with specific legal remedies when an IFEC holder prematurely vacates their facility or does not comply with local ordinances or with statutory reporting requirements.

The Act requires all certificate holders to file an **IFEC Notice of Completion and Final Cost Report** for each real or personal property investment for which a certificate has been issued. The Assessing Office will send this report to all certificate holders after the completion date of each real or personal property component. This report will ask the certificate holder to confirm the estimated project completion date and property investment costs listed on the original IFEC Application. This report is due 90 days after the completion date of each property component and should be completed in the same type of format as was contained in the original IFEC Application filed with the City.

If the completion date of a real or personal property component is beyond the date listed on the IFEC Application the certificate holder must make a written request to the City to revise the project component's ending date as long as the revised ending date *less* than two years after the certificate's effective date. If the revised completion date is beyond this period the certificate holder will be required to file an **IFEC Request for Extension to Complete Project** with a non-refundable application fee of **\$655.00**. This form will require a detailed explanation why more time is needed to complete the proposed project. Upon receipt of this request the City may deny the request, approve the request with no change in the ending date of the IFEC, or approve the request with a revised ending date. The City will approve extensions if the cause of the delay is beyond the direct control of the certificate holder but will *not* revise the certificate ending date.

Industrial Facilities Tax Abatement Program Guidelines (p9)

If the final cost of a real or personal property project component is less than the estimated amount the City will not seek a reduction in the *existing* IFEC term as long as the certificate holder provides a detailed explanation of the contributing cause of the investment shortfall. If the final cost of a project component is more than 10% greater than the estimated amount the certificate holder must make a request to the City Council to approve the revised cost. This **IFEC Request for Revision of Final Project Cost** form has a non-refundable fee of **\$655.00** and must be approved by the City Council before the certificate holder officially requests that the Commission issue a revised IFEC.

An IFEC may be transferred to a new owner or lessee of an existing facility but only with the approval of the City Council and the Commission. **The IFEC Transfer Application** has a **\$1,120.00** non-refundable fee and has the same notice and hearing requirements and shorter review process as a new IFEC Application.

The City requires all certificate holders to file an **IFEC Employment Status Report** on the January 31st two years after the certificate's effective date and also on the January 31st every two years after that date. The Assessing Office will send this report directly to all of the certificate holders that will ask the company to certify the actual number of full time jobs created as a direct result of the project. The City will not seek a reduction in the *existing* IFEC term as long as the certificate holder provides a detailed explanation of the contributing cause(s) of the shortfall in the original job creation estimate.

The holder of an IFEC may apply for an extension of their certificate at any time in which the certificate is in effect or within twelve months *after* their certificate expires in instances when the certificate holder extends the term of their real property lease or attains a LEED certification level above what they had when their tax abatement was originally approved by the City Council. **The IFEC Extension Application** has a non-refundable fee of **\$655.00** and must be approved by the City Council. If the City Council denies a request made under this section of the Act the applicant will have no right to appeal the city's decision.

If a certificate holder intends to abandon an existing facility they *must* notify the City within 30 days of their scheduled abandonment. If there is no construction progress at the facility for six months an IFEC holder then has seven months from the date construction ended to notify the City of the delay.

Industrial Facilities Tax Abatement Program Guidelines (p10)

The Commission will revoke any component of an IFEC upon the written request of the holder. The *City* may, after public notification and hearing, request that the Commission revoke a certificate component if the purposes for which the certificate was issued was not fulfilled as a result of a failure of the certificate holder to proceed in good faith with the operation of the facility in a manner consistent with the purposes of the Act, and in the absence of circumstances that are beyond the direct control of the certificate holder.

The amount of an industrial facilities tax applicable to real property is a lien until paid. If unpaid, the proceedings are held in the same manner as for the foreclosure in circuit court of mortgage liens upon any type of real property. If the industrial facilities tax applicable to personal property is not paid within the time period permitted by law, the officer to whom the industrial facilities tax is payable may pursue additional remedies to recover the amount of taxes due such as seizing and selling the personal property, instituting a civil action against the owner in circuit court, or making a jeopardy assessment.

These guidelines were taken in part from Act 198 of 1974 as amended, from the Administrative Rules of the State Tax Commission and from the existing guidelines approved by the Sterling Heights City Council. These guidelines are not meant to be an all-inclusive list of these rules and regulations but are, instead, an attempt to present all the significant information in a logical order.

If anyone would like a copy of P.A.198, or any applicable rules and guidelines please contact the Assessing Department at (586) 446-2340. The City Assessor will also review all applications for content and completeness and is available to answer all questions relating to the industrial facilities tax abatement program.

For procedural information or questions regarding the IFEC program, please email the Property Tax Exemption Unit of the State Tax Commission at PTE@michigan.gov or call them at (517) 335-7491. Their address is Michigan Department of Treasury, State Tax Commission, P.O. Box 30471, Lansing, Michigan 48909.

Application for Industrial Facilities Tax Exemption Certificate

Issued under authority of Public Act 198 of 1974, as amended. Filing is mandatory.

INSTRUCTIONS: File the completed application and the required attachments with the clerk of the local government unit. If you have any questions regarding the completion of this form, call 517-335-7491.

To be completed by Clerk of Local Government Unit	
Signature of Clerk	▶ Date Received by Local Unit
STC Use Only	
▶ Application Number	▶ Date Received by STC

APPLICANT INFORMATION
All boxes must be completed.

▶ 1a. Company Name (Applicant must be the occupant/operator of the facility)	▶ 1b. Standard Industrial Classification (SIC) Code - Sec. 2(10) (4 or 6 Digit Code)	
▶ 1c. Facility Address (City, State, ZIP Code) (real and/or personal property location)	▶ 1d. City/Township/Village (indicate which)	▶ 1e. County
▶ 2. Type of Approval Requested <input type="checkbox"/> New (Sec. 2(5)) <input type="checkbox"/> Transfer <input type="checkbox"/> Speculative Building (Sec. 3(8)) <input type="checkbox"/> Rehabilitation (Sec. 3(6)) <input type="checkbox"/> Research and Development (Sec. 2(10)) <input type="checkbox"/> Increase/Amendment	▶ 3a. School District where facility is located	▶ 3b. School Code
	4. Amount of years requested for exemption (1-12 Years)	

5. Per section 5, the application shall contain or be accompanied by a general description of the facility and a general description of the proposed use of the facility, the general nature and extent of the restoration, replacement, or construction to be undertaken, a descriptive list of the equipment that will be part of the facility. Attach additional page(s) if more room is needed.

6a. Cost of land and building improvements (excluding cost of land)	▶	_____
* Attach list of improvements and associated costs.		
* Also attach a copy of building permit if project has already begun.		
6b. Cost of machinery, equipment, furniture and fixtures	▶	_____
* Attach itemized listing with month, day and year of beginning of installation, plus total		
6c. Total Project Costs	▶	_____
* Round Costs to Nearest Dollar		
		Real Property Costs
		Personal Property Costs
		Total of Real & Personal Costs

7. Indicate the time schedule for start and finish of construction and equipment installation. Projects must be completed within a two year period of the effective date of the certificate unless otherwise approved by the STC.

	<u>Begin Date (M/D/Y)</u>	<u>End Date (M/D/Y)</u>	
Real Property Improvements	▶ _____	_____	▶ <input type="checkbox"/> Owned <input type="checkbox"/> Leased
Personal Property Improvements	▶ _____	_____	▶ <input type="checkbox"/> Owned <input type="checkbox"/> Leased

▶ 8. Are State Education Taxes reduced or abated by the Michigan Economic Development Corporation (MEDC)? If yes, applicant must attach a signed MEDC Letter of Commitment to receive this exemption. Yes No

▶ 9. No. of existing jobs at this facility that will be retained as a result of this project. ▶ 10. No. of new jobs at this facility expected to create within 2 years of completion.

11. Rehabilitation applications only: Complete a, b and c of this section. You must attach the assessor's statement of SEV for the entire plant rehabilitation district and obsolescence statement for property. The Taxable Value (TV) data below must be as of December 31 of the year prior to the rehabilitation.

a. TV of Real Property (excluding land)	_____
b. TV of Personal Property (excluding inventory)	_____
c. Total TV	_____

▶ 12a. Check the type of District the facility is located in:
 Industrial Development District Plant Rehabilitation District

▶ 12b. Date district was established by local government unit (contact local unit) ▶ 12c. Is this application for a speculative building (Sec. 3(8))?
 Yes No

APPLICANT CERTIFICATION - complete all boxes.

The undersigned, authorized officer of the company making this application certifies that, to the best of his/her knowledge, no information contained herein or in the attachments hereto is false in any way and that all are truly descriptive of the industrial property for which this application is being submitted.

It is further certified that the undersigned is familiar with the provisions of P.A. 198 of 1974, as amended, being Sections 207.551 to 207.572, inclusive, of the Michigan Compiled Laws; and to the best of his/her knowledge and belief, (s)he has complied or will be able to comply with all of the requirements thereof which are prerequisite to the approval of the application by the local unit of government and the issuance of an Industrial Facilities Exemption Certificate by the State Tax Commission.

13a. Preparer Name	13b. Telephone Number	13c. Fax Number	13d. E-mail Address
14a. Name of Contact Person	14b. Telephone Number	14c. Fax Number	14d. E-mail Address
▶ 15a. Name of Company Officer (No Authorized Agents)			
15b. Signature of Company Officer (No Authorized Agents)		15c. Fax Number	15d. Date
▶ 15e. Mailing Address (Street, City, State, ZIP Code)		15f. Telephone Number	15g. E-mail Address

LOCAL GOVERNMENT ACTION & CERTIFICATION - complete all boxes.

This section must be completed by the clerk of the local governing unit before submitting application to the State Tax Commission. Check items on file at the Local Unit and those included with the submittal.

▶ 16. Action taken by local government unit <input type="checkbox"/> Abatement Approved for _____ Yrs Real (1-12), _____ Yrs Pers (1-12) After Completion <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Denied (Include Resolution Denying)	16b. The State Tax Commission Requires the following documents be filed for an administratively complete application: Check or Indicate N/A if Not Applicable <input type="checkbox"/> 1. Original Application plus attachments, and one complete copy <input type="checkbox"/> 2. Resolution establishing district <input type="checkbox"/> 3. Resolution approving/denying application. <input type="checkbox"/> 4. Letter of Agreement (Signed by local unit and applicant) <input type="checkbox"/> 5. Affidavit of Fees (Signed by local unit and applicant) <input type="checkbox"/> 6. Building Permit for real improvements if project has already begun <input type="checkbox"/> 7. Equipment List with dates of beginning of installation <input type="checkbox"/> 8. Form 3222 (if applicable) <input type="checkbox"/> 9. Speculative building resolution and affidavits (if applicable)
16a. Documents Required to be on file with the Local Unit Check or Indicate N/A if Not Applicable <input type="checkbox"/> 1. Notice to the public prior to hearing establishing a district. <input type="checkbox"/> 2. Notice to taxing authorities of opportunity for a hearing. <input type="checkbox"/> 3. List of taxing authorities notified for district and application action. <input type="checkbox"/> 4. Lease Agreement showing applicants tax liability.	
16c. School Code	
17. Name of Local Government Body	▶ 18. Date of Resolution Approving/Denying this Application

Attached hereto is an original application and all documents listed in 16b. I also certify that all documents listed in 16a are on file at the local unit for inspection at any time, and that any leases show sufficient tax liability.

19a. Signature of Clerk	19b. Name of Clerk	19c. E-mail Address
19d. Clerk's Mailing Address (Street, City, State, ZIP Code)		
19e. Telephone Number	19f. Fax Number	

State Tax Commission Rule Number 57: Complete applications approved by the local unit and received by the State Tax Commission by October 31 each year will be acted upon by December 31. Applications received after October 31 may be acted upon in the following year.

For faster service, email the completed application and additional required documentation to PTE@michigan.gov.

An additional submission option is to mail the completed application and required documents to:

**Michigan Department of Treasury
 State Tax Commission
 PO Box 30471
 Lansing, MI 48909**

STC USE ONLY				
▶ LUCI Code	▶ Begin Date Real	▶ Begin Date Personal	▶ End Date Real	▶ End Date Personal

Instruction for Completing Form 1012, Industrial Facilities Tax Exemption (IFT) Application

The completed original application form 1012 and all required attachments, **MUST** be filed with the clerk of the local unit of government where the facility is or will be located. Complete applications must be received by the State Tax Commission by October 31 to ensure processing and certification for the following tax year. Applications received after the October 31 deadline will be processed as expeditiously as possible.

Please note that attachments listed on the application in number 16a are to be retained by the local unit of government, and attachments listed in number 16b are to be included with the application when forwarding to the State Tax Commission (STC).

(Before commencement of a project the local unit of government must establish a district, or the applicant must request in writing a district be established, in order to qualify for an IFT abatement. Applications and attachments must be received by the local unit of government **within six months of commencement of project.**)

The following information is required on separate documents attached to form 1012 by the applicant and provided to the local unit of government (city, township or village). (Providing an accurate school district where the facility is located is vital.)

1. Legal description of the real property on which the facility is or will be located. Also provide property identification number if available.
2. Personal Property Requirements: Complete list of new machinery, equipment, furniture and fixtures which will be used in the facility. The list should include description, **beginning date of installation** or expected installation by **month/day/year**, and costs or expected costs (see sample). Detail listing of machinery and equipment **must match amount shown** on question 6b of the application. Personal property applications must have attached a certified statement/affidavit as proof of the beginning date of installation (see sample).
3. Real Property Requirements: Proof of date the construction started (groundbreaking). Applicant must include one of the following if the project has already begun; building permit, footings inspection report, or certified statement/affidavit from contractor indicating exact date of commencement.
4. Complete copy of lease agreement as executed, if applicable, verifying lessee (applicant) has direct ad

valorem real and/or personal property tax liability. The applicant must have real and/or personal property tax liability to qualify for an IFT abatement on leased property. If applying for a real property tax exemption on leased property, the lease must run the full length of time the abatement is granted by the local unit of government. Tax liability for leased property should be determined before sending to the STC.

The following information is required of the local unit of government: [Please note that only items 2, 4, 5, 6, & 7 below are forwarded to the State Tax Commission with the application, along with items 2 & 3 from above. The original is required by the STC. The remaining items are to be retained at the local unit of government for future reference. **(The local unit must verify that the school district listed on all IFT applications is correct.)**]

1. A copy of the notice to the general public and the certified notice to the property owners concerning the establishment of the district.
2. **Certified copy of the resolution establishing the Industrial Development District (IDD) or Plant Rehabilitation District (PRD), which includes a legal description of the district (see sample). If the district was not established prior to the commencement of construction, the local unit shall include a certified copy or date stamped copy of the written request to establish the district.**
3. Copy of the notice and the certified letters to the taxing authorities regarding the hearing to approve the application.
4. **Certified copy of the resolution approving the application. The resolution must include the number of years the local unit is granting the abatement and the statement “the granting of the Industrial Facilities Exemption Certificate shall not have the effect of substantially impeding the operation of (governmental unit), or impairing the financial soundness of a taxing unit which levies ad valorem property taxes in (governmental unit – see sample).**
5. **Letter of Agreement (signed by the local unit of government and the applicant per P.A. 334 of 1993 (see sample)).**
6. **Affidavit of Fees (signed by the local unit of government and the applicant), (Bulletin 3, January 16, 1998). This statement may be**

incorporated into the Letter of Agreement (see sample).

7. Treasury Form 3222 (if applicable - *Fiscal Statement for Tax Abatement Request.*)

The following information is required for rehabilitation applications in addition to the above requirements:

1. A listing of existing machinery, equipment, furniture and fixtures which will be replaced or renovated. This listing should include description, beginning date of installation or expected installation by month/day/year, and costs or expected costs.
2. A rehabilitation application must include a statement from the Assessor showing the taxable valuation of the plant rehabilitation district, separately stated for real property (EXCLUDING LAND) and personal property. Attach a statement from the assessor indicating the obsolescence of the property being rehabilitated.

The following information is required for speculative building applications in addition to the above requirements:

1. A certified copy of the resolution to establish a speculative building.
2. A statement of non-occupancy from the owner and the assessor.

Please refer to the following Web site for P.A. 198 of 1974: www.legislature.mi.gov/. For more information and Frequently Asked Questions, visit www.michigan.gov/propertytaxexemptions.



Application to Establish an Industrial Development District

APPLICATION INFORMATION

APPLICATION FEE: \$1,120.00
APPLICANT NAME: _____
APPLICANT ADDRESS: _____
APPLICANT CONTACT: _____
CONTACT PHONE NUMBER: _____
CONTACT EMAIL ADDRESS: _____

PROPERTY INFORMATION

PROPERTY OWNER(S): _____
PROPERTY ADDRESS: _____
PROPERTY ID NUMBER: _____
LEGAL DESCRIPTION: Attach to Application

PROJECT INFORMATION

PROJECT DESCRIPTION: _____

REAL PROPERTY COSTS: _____
PERSONAL PTY COSTS: _____
TOTAL PROPERTY COSTS: _____
PROJECT STARTING DATE: _____
JOBS TO BE CREATED: _____

CERTIFICATION

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

PRINT NAME: _____
TITLE: _____
SIGNATURE: _____
DATE: _____



Application to Establish a Plant Rehabilitation District

APPLICATION INFORMATION

APPLICATION FEE: \$1,120.00
APPLICANT NAME: _____
APPLICANT ADDRESS: _____
APPLICANT CONTACT: _____
CONTACT PHONE NUMBER: _____
CONTACT EMAIL ADDRESS: _____

PROPERTY INFORMATION

PROPERTY OWNER(S): _____
PROPERTY ADDRESS: _____
PROPERTY ID NUMBER: _____
LEGAL DESCRIPTION: Attach to Application

PROJECT INFORMATION

PROJECT DESCRIPTION: _____

REAL PROPERTY COSTS: _____
PERSONAL PTY COSTS: _____
TOTAL PROPERTY COSTS: _____
PROJECT STARTING DATE: _____
JOBS TO BE CREATED: _____

CERTIFICATION

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

PRINT NAME: _____
TITLE: _____
SIGNATURE: _____
DATE: _____



Application to Establish a Speculative Building Designation

APPLICATION INFORMATION

APPLICATION FEE: \$655.00
APPLICANT NAME: _____
APPLICANT ADDRESS: _____
PHONE NUMBER: _____

PROPERTY INFORMATION

PROPERTY OWNER(S): _____
PROPERTY ADDRESS: _____
SIDWELL NUMBER: _____
LEGAL DESCRIPTION: _____
(attach if necessary) _____
IDD ESTABLISHMENT DATE: _____

BUILDING INFORMATION

BLDG #1 STARTING DATE: _____
TENANT "A" SQ FT: _____
TENANT "B" SQ FT: _____
BLDG #2 STARTING DATE: _____
TENANT "A" SQ FT: _____
TENANT "B" SQ FT: _____

Buildings with more than one leasable tenant space should be listed above separately

CERTIFICATION

On behalf of the property owner(s) referenced above, I hereby certify that the foregoing is a true statement of the property ownership and building information listed above, and that there was *no* tenant for this/these building(s) as of each starting date, which is submitted as required by MCL 207.553(8).

PRINT NAME: _____
TITLE: _____
SIGNATURE: _____
DATE: _____



IFEC Application Affidavit of Fees

APPLICANT NAME: _____

PROPERTY ADDRESS: _____

CERTIFICATION

In accordance with State Tax Commission Bulletin No. 3 dated January 1998, the City of Sterling Heights and the applicant referenced above do hereby swear and affirm that this applicant has not made, or promised to make payment of any kind to the City of Sterling Heights as a condition to the approval of this Application for an Industrial Facilities Tax Exemption (IFT) Certificate. Whether payments be referred to as "fees," "payments in lieu of taxes," "donations," or by other like terms, such payments are contrary to the legislative intent of Act 198, as amended. We do hereby swear and affirm by our signatures below that "no payment of any kind in excess of the fee allowed, as amended by Public Act 323 of 1996, has been made or promised in exchange for favorable consideration of this Application for an IFEC."

IFT APPLICANT

PRINT NAME: _____

TITLE: _____

SIGNATURE: _____

DATE: _____

The forgoing certification was acknowledged this ____ day of _____

By _____, _____ on behalf of _____
(Name) (Title) (Company Name)

Notary Public

Acting in _____ County, MI

CITY OF STERLING HEIGHTS

PRINT NAME: Melanie D. Ryska

TITLE: City Clerk

SIGNATURE: _____

DATE: _____

The forgoing certification was acknowledged this ____ day of _____

By _____, _____ on behalf of _____
(Name) (Title) (Company Name)

Notary Public

Acting in _____ County, MI

IFEC LETTER OF AGREEMENT

DATE: _____

COMPANY NAME: _____

FACILITY ADDRESS: _____

City Council
City of Sterling Heights
40555 Utica Road
P.O. Box 8009
Sterling Heights, MI 48311-8009

RE: Industrial Facilities Tax Exemption Certificate between:
_____ and the City of Sterling Heights

Dear Members of Council:

_____ (the "Company") has submitted the attached Application (the "Application") to you requesting approval of an Industrial Facilities Tax Exemption Certificate ("IFEC"), pursuant to Michigan Public Act 198 of 1974, as amended, for the property located at _____, Sterling Heights, (the "Facility") (Legal Description of the property where the Facility is located is attached).

To encourage approval of the IFEC and in recognition of the investments the City of Sterling Heights (the "City") will make toward the economic growth of the Company, which will benefit the City, the Company agrees as follows:

1. **General.** (Check applicable lines consistent with the Application)
 - _____ a. The Company will make the improvements set forth in the Application within two (2) years of the effective date of the IFEC (the "Effective Date").
 - _____ b. The Company will purchase and/or lease and install the personal property as set forth in the Application within two (2) years of the Effective Date.
 - _____ c. The Company will create _____ new full-time jobs at the Facility within two (2) years of the Effective Date.
 - _____ d. The Company will comply with the requirements imposed by the City as part of the site review prior to issuance of a Certificate of Occupancy.
2. **Compliance with Laws.** The Company agrees that it will operate the Facility in accordance with all applicable Federal, State, and local laws or regulations, including but not limited to zoning, outside storage, industrial waste disposal, air and water quality, noise control, and other environmental regulations.

3. **Continued Operation of the Facility.** The Company further agrees to continue to operate the Facility within the City for the period of the IFEC in order to retain the benefits of the IFEC.
4. **Premature Vacation of the Facility.** If the Company vacates, or intends to vacate, the Facility prior to the end of the term of the IFEC, the Company shall be responsible for the following:
 - a. If the Company intends to vacate the Facility for which the IFEC has been approved and issued prior to the end of the term of this agreement, the Company agrees to notify the City Assessor in writing of such intent and the reasons for vacating not less than 60 days prior to vacating the facility.
 - b. The Company agrees to make reasonable provisions satisfactory to the City and in compliance with all applicable laws, codes and ordinances to maximize the likelihood of re-occupancy or re-use of the unoccupied building for productive use within a reasonable time period after the Facility is vacated.
 - c. The Company shall, if requested by the City, deposit an amount equal to the amounts anticipated to be due from the Company under this agreement as a result of the Company vacating the Facility prior to the term for which the IFEC was approved, including but not limited to any reasonable cleanup or maintenance costs, administrative fees, court costs, and attorney fees incurred.
 - d. The Company shall pay any outstanding taxes and shall repay to all affected municipalities an amount equal to the total tax amount abated by the IFEC (unless recovery of a lesser amount is requested by the City or other taxing authority) within 30 days of the date of an invoice for such taxes.
 - e. If the Company fails to pay the amount of the invoice for abated taxes within 30 days of the date of the City invoice, the Company shall be responsible for any additional costs incurred by the City in recovery of such taxes, including, but not limited to administrative fees, court costs, and attorney fees incurred.
5. **Notice of Completion and Final Cost Report.** The Company will submit to the City, not later than 90 days after the completion date for each property component for which an IFEC was granted a Notice of Completion and Final Cost Report in a form requested by the City which includes the actual completion date and final cost of each project component for which an IFEC was originally granted, and an explanation if the final cost of either the real or personal property listed on the Application was greater than the original estimated amount by more than 10%.
6. **Employment Status Report.** The Company will submit to the City, not later than January 31st of the second year after the effective date, and every two years after that date, an Employment Status Report in a form requested by the City, which includes the number of actual full-time jobs created as a direct result of the project for which the certificate was granted, and an explanation if the jobs created during the term of the IFEC was less than the original estimated amount.
7. **Review and Audit: Payment of Costs.** The Company understands that the City may review and audit the information provided by the Company to determine compliance with this agreement and that any costs for such services will be paid by the Company in accordance with a fee schedule approved by the City Council, which may be adjusted from time to time based upon increases in costs to the City.

8. **Remedies for Default for Failure to Satisfy Representations Made in Application.** The Company understands that the City may pass a resolution requesting that the State Tax Commission reduce the term of the IFEC or revoke the IFEC to the extent that the construction or expansion of the Facility has not been completed, expenditures made, or employment reached as represented by the Company in the application, by sending a copy of this Agreement along with a copy of the City Council resolution authorizing such action to the State Tax Commission. In addition, the Company acknowledges that the City may take into account any deficiency in job creation, or real or personal property investment made under this application in a subsequent application for an IFEC or an Exemption of New Personal Property filed by the Company.
9. **Consequences of Unsuccessful Real or Personal Property Tax Appeal.** The Company acknowledges that if during the term of this Agreement, the Company appeals any real or personal property assessment to the Michigan Tax Tribunal or other court of competent jurisdiction upon which it does not prevail, that the Company shall pay to the City all reasonable costs, expenses, and attorney fees incurred by the City in defending such appeals within thirty (30) days of the date of receipt of an invoice from the City. The Company also acknowledges that the City may consider such appeals in deciding the term of any subsequent certificates granted to the Company.
10. **Unforeseen Events.** By execution of this agreement, it is understood that the Company's investment in the Facility and the City's investment in the granting of the IFEC are to encourage economic growth within the City. The City acknowledges that in some instances, economic conditions may prevent the Company from complying fully with this agreement and the terms of the Application. The City will give the Company an opportunity to explain the reasons for any variations from the representations contained in the application and will evaluate the Company's situation prior to taking any action authorized by paragraph 4 and 8 of this agreement.
11. **Entire Agreement.** This is the entire agreement of the parties relating to the matters covered by this Agreement, and no prior or subsequent promises, representations or assurances, whether in any other form, shall be used to modify, vary or contradict any provision of this Agreement, except for any written amendment to this Agreement or separate agreement signed following the date of this Agreement by authorized representatives of all parties to this Agreement.
12. **Severability.** The invalidity of any section, subsection, clause or provision of this Agreement shall not affect the validity of the remaining sections, subsections, clauses or provisions thereof, which shall remain in full force and effect to govern the parties' relationship.
13. **Reimbursement of Attorney Fees for Modification of Standard Agreement.** The Company agrees to reimburse the City within 30 days of the date of a receipt of an invoice from the City for all attorney fees incurred by the City in the negotiation or preparation of changes to the standard IFEC Letter of Agreement.

ACCEPTED BY: THE COMPANY

NAME: _____

TITLE: _____

SIGNATURE: _____

STATE OF MICHIGAN
COUNTY OF MACOMB

The forgoing acceptance was acknowledged this _____ day of _____
by _____, _____ on behalf of _____
(Name) (Title) (Company Name)

_____ Notary Public
Acting in _____ County, MI
My Commission expires: _____

***ACCEPTED BY: CITY OF STERLING HEIGHTS
A MUNICIPAL CORPORATION***

NAME: Michael C. Taylor

NAME: Melanie D. Ryska

TITLE: Mayor

TITLE: City Clerk

SIGNATURE: _____

SIGNATURE: _____

STATE OF MICHIGAN
COUNTY OF MACOMB

The forgoing acceptance was acknowledged this _____ day of _____ by
Michael C. Taylor and Melanie D. Ryska, Mayor and City Clerk, respectively, on behalf of the
City of Sterling Heights, a Michigan municipal corporation.

_____ Notary Public
Acting in _____ County, MI
My Commission expires: _____

When recorded, return to:
City Clerk
City of Sterling Heights
40555 Utica Road PO Box 8009
Sterling Heights, MI 48311-8009

Drafted by:
City of Sterling Heights
40555 Utica Road
P.O. Box 8009
Sterling Heights, MI 48311-8009



IFEC Notice of Completion and Final Cost Report

PROPERTY ADDRESS: _____

CERTIFICATE NUMBER: _____

CERTIFICATE HOLDER: _____

CERTIFICATE EXPIRATION: _____

PROJECT COMPLETION

Real or personal property improvements beginning date: _____

Estimated real or personal property improvements ending date: _____

Actual ending date of real or personal property improvements: _____

Explanation if actual improvement ending date is *different* than estimated ending date:

PROJECT COSTS

Estimated real or personal property improvements total cost: _____

Actual final cost of real or personal property improvements: _____

Explanation if actual improvement final cost is *different* than estimated total cost:

CERTIFICATION

On behalf of the certificate holder referenced above, I hereby certify that the forgoing is a true statement of the status of this company as of the date hereof and is submitted as required by State Tax Commission Administrative Rule 55, as it pertains to Public Act 198 of 1974, as amended.

PRINT NAME: _____

TITLE: _____

SIGNATURE: _____

DATE: _____



IFEC Request for Extension to Complete Project

APPLICATION FEE: \$655.00
PROPERTY ADDRESS: _____
CERTIFICATE NUMBER: _____
CERTIFICATE HOLDER: _____
CERTIFICATE EXPIRATION: _____

PROJECT COMPLETION

Real or personal property improvements beginning date: _____

Estimated real or personal property improvements ending date: _____

Revised ending date of real or personal property improvements: _____

Explanation *why* more time is needed to complete real or personal property improvements:

CERTIFICATION

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

PRINT NAME: _____

TITLE: _____

SIGNATURE: _____

DATE: _____



IFEC Request for Revision of Final Project Cost

APPLICATION FEE: \$655.00
PROPERTY ADDRESS: _____
CERTIFICATE NUMBER: _____
CERTIFICATE HOLDER: _____
CERTIFICATE EXPIRATION: _____

PROJECT COSTS

Estimated real or personal property improvements total cost: _____

Revised final cost of real or personal property improvements: _____

Explanation *why* final real or personal property cost is greater than estimate by more than 10%:

CERTIFICATION

On behalf of the certificate holder referenced above, I hereby certify that the forgoing is a true statement of the status of this company as of the date hereof and is submitted as required by State Tax Commission Administrative Rule 54, as it pertains to Public Act 198 of 1974, as amended.

PRINT NAME: _____
TITLE: _____
SIGNATURE: _____
DATE: _____



IFEC Employment Status Report

PROPERTY ADDRESS: _____

CERTIFICATE NUMBER: _____

CERTIFICATE HOLDER: _____

CERTIFICATE EXPIRATION: _____

EMPLOYMENT STATUS

Number of employees prior to start of project: _____

Estimated full-time jobs to be created within two years of effective date: _____

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

Explanation if actual job creation amount is *different* than estimated amount:

CERTIFICATION

On behalf of the certificate holder referenced above, I hereby certify that the forgoing is a true statement of the status of this company as of the date hereof and is submitted as required by the IFT Letter of Agreement between the company and the City of Sterling Heights.

PRINT NAME: _____

TITLE: _____

SIGNATURE: _____

DATE: _____



IFEC Extension Application

APPLICATION FEE: \$655.00
PROPERTY ADDRESS: _____
CERTIFICATE NUMBER: _____
CERTIFICATE HOLDER: _____
CERTIFICATE EXPIRATION: _____

LEASE EXTENSION INFORMATION

What is the Term of the Original Real Property Lease: _____
What is the Term of the Extended Real Property Lease: _____
What Tax Abatement Term did the Certificate Holder Originally Qualify For: _____
What Tax Abatement Term did the City Originally Approve: _____
How Many Additional Years is the Certificate Holder Requesting: _____

LEED CERTIFICATION INFORMATION

What LEED Certification Level Did the Building Originally Have: _____
What LEED Certification Level Does the Building Now Have: _____
What Tax Abatement Term did the Certificate Holder Originally Qualify For: _____
What Tax Abatement Term did the City Originally Approve: _____
How Many Additional Years is the Certificate Holder Requesting: _____

CERTIFICATION

On behalf of the certificate holder referenced above, I hereby certify that the forgoing is a true statement of the status of this company as of the date hereof and is submitted as required by State Tax Commission Administrative Rule 56, as it pertains to Public Act 198 of 1974, as amended or by the City of Sterling Heights Industrial Facilities Tax Abatement Program Guidelines.

PRINT NAME: _____
TITLE: _____
SIGNATURE: _____
DATE: _____