

## CITY OF BATTLE CREEK INDUSTRIAL FACILITIES TAX EXEMPTION GUIDELINES AND INSTRUCTIONS FOR FILING AN APPLICATION ACT 198 OF 1974 POLICY STATEMENT

Michigan Public Act 198 of 1974 was designed to provide a stimulus to industry in the form of significant tax incentives, to renovate and expand aging plants, to build new plants, and to promote the establishment of research and development laboratories, among other things. Effective local use of the Act is intended to benefit the local economy through stimulating economic growth, creation or retention of jobs, increasing tax revenue, and providing a more favorable living and business climate. Tax abatement to industrial developers continues to be a necessary tool to compete with other intrastate and interstate communities. The issuance of an Industrial Facilities Tax Exemption in the City of Battle Creek requires that the applicant's proposed project will significantly comply with the stated intended purposes and goals of the Act and comply with the following guidelines:

### CITY GUIDELINES

1. All projects to be granted tax abatement will be treated as a new facility or replacement facilities.
2. Only projects or parts of projects with a construction period of two years or less will be considered for abatement. In the event a project has a construction period longer than two years, the improvements made after the two year period will be considered under a separate abatement request at a subsequent date.
3. The real property improvements must represent an investment equal to at least 20% of the current true cash value of the property as determined by the Assessor. An investment in excess of \$100,000 will be exempt from this guideline.
4. Areas where abatements will be considered shall be pre-established. Annually, in October, the city staff shall report to the City Commission on recommendations regarding the established areas.
5. The Assessor shall review all applications for tax abatement to determine whether the proposed project qualifies under city guidelines and state statute. The Tax Abatement Committee shall review any questions about qualifications that arise from the review process before the application is submitted to the City Commission. The Tax Abatement Committee shall consist of four commissioners appointed by the Mayor and approved by the Commission.
6. Annually, in October, the city staff will report to the Commission regarding Industrial Facilities Exemption certificate holders' compliance with the abatement guidelines and the law. The staff may request information of the certificate holders when necessary to prepare said report. The certificate holders are required to provide the requested information.
7. Fees will be as follows: \$150.00 to apply for an abatement and \$200.00 to request an abatement district. An application to transfer a certificate will be \$150.00

### TAX ABATEMENT PROCESS

## APPLICATION

1. An application for industrial tax abatement can be obtained from the Forms section of the Assessor's web site at [www.battlecreekmi.gov/assessing](http://www.battlecreekmi.gov/assessing) or by contacting the Assessor's Office at 1-269-966-3369.
2. The application must include a completed Industrial Facilities Exemption Agreement, a Fee Affidavit, and the city's contract compliance forms. These forms can also be obtained from the Forms section of the Assessor's web site at [www.battlecreekmi.gov/assessing](http://www.battlecreekmi.gov/assessing).
3. The completed application and all attachments, along with the appropriate fee (see City Guidelines No. 7), is to be filed with the City Clerk, 10 N. Division, Room 111, City Hall, Battle Creek, MI 49014.
4. The application must be filed with the Clerk within six months from the day any construction or improvements are started.

## REVIEW PROCESS

1. The Assessor reviews your application for compliance with Public Act 198 of 1974, as amended, and the city guidelines. The Assessor contacts the person who prepared your application if there are questions, problems, or items missing from your application.

## APPROVAL PROCESS

1. After the review process is completed, the application is submitted to the City Commission and a public hearing set. You, the affected taxing units and the public are given notice of the time and place of this public hearing.
2. The public hearing is held at a regularly scheduled City Commission meeting. Interested parties are given the opportunity to be heard on the application. A representative of the applicant should be present to answer any questions that may arise.
3. After the hearing, the City Commission considers a resolution to either approve or deny the application. That resolution is usually considered at the next regularly scheduled City Commission meeting.
4. The entire process will normally take six to eight weeks from the time the application is filed.
5. If the application is denied, reasons will be set forth in the resolution and the application returned to you. The applicant has 10 days to appeal the denial to the Michigan State Tax Commission.

## EXPLANATION OF CITY GUIDELINES

1. Construction Period: If more than two assessment years are involved in the construction period, the project must be phased over several applications.

2. Industrial Property: An applicant should be prepared to show that the property for which they are requesting an exemption fall within the definition of industrial property in the Act. If not, then the property may not be considered for abatement.

3. Designated Abatement Areas: A map of the areas designated for abatements can be found in the Assessor's Office. An applicant has the right to ask for abatement in any area, but the City Commission has only shown a willingness to grant abatements in the previously designated areas.

## TAXATION

If the State Tax Commission grants the exemption, the property is valued and assessed in the same manner as all other property in Battle Creek. The taxes are computed by multiplying approximately one-half of the tax rate times the taxable value. The abatement applies to building improvements only. It does not apply to land. The land is separately assessed and taxed at the full rate.

## REPORTS

1. At the completion of the project, the certificate holder is required to file, with the Assessor's Office, a letter stating the final cost and completion date of the project.

2. On an annual basis, the City Staff must submit a report to the City Commission regarding the status of certificate holders' compliance with abatement guidelines and state law. The certificate holder may be asked to provide information regarding its compliance at this time. The certificate holder is required to provide the requested information.

3. The annual report will indicate areas of non-compliance with the state statute, city guidelines, or any contractual obligation with the City of Battle Creek.

## IMPORTANT UPDATES

- Pursuant to Public Act 334 of 1993, all Industrial Facilities Exemption applications must include an agreement signed by the local governmental unit and the applicant outlining conditions and/or recourses to be upheld during the abatement. The City's Industrial Facilities Exemption Agreement must be completed and filed with the applicant's Industrial Facilities Exemption application.
- Pursuant to Public Act 323 of 1996, all Industrial Facilities Exemption applications must include an affidavit signed by the local governmental unit and the applicant stating that no payment of any kind in excess of the fee allowed by Public Act 198 of 1974, as amended was made or promised in exchange for favorable consideration of an exemption certificate application. The City's Fee Affidavit must be completed and filed with the applicant's Industrial Facilities Exemption application.

## **CONTACTS FOR ADDITIONAL INFORMATION**

### **Requirements:**

<u>Aaron Powers</u>	Phone	<u>269-966-3369</u>
CITY ASSESSOR	Fax:	<u>269-966-0618</u>
Room 112, City Hall 10 N. Division St. Battle Creek, MI 49014	Email:	<u><a href="mailto:appowers@battlecreekmi.gov">appowers@battlecreekmi.gov</a></u>

### **Application Filing and Fee:**

<u>Victoria Houser</u>	Phone	<u>269-966-3348</u>
CITY CLERK	Fax:	<u>269-966-3555</u>
Room 111, City Hall 10 N. Division St. Battle Creek, MI 49014	Email:	<u><a href="mailto:vouser@battlecreekmi.gov">vouser@battlecreekmi.gov</a></u>