



Tax Abatement Revocation Policy
October 2008

Applies to Industrial Facilities Tax Certificate, Obsolete Property Rehabilitation Certificate and Commercial Rehabilitation Certificate

Tax abatements are offered by the City as an incentive to further economic development. In order to remain successful in this process, it is necessary to ensure that all terms of agreement are being met by both parties. The City will uphold its portion of the agreement through the granting of the tax abatement, while the holder of the abatement will make certain that all requirements are also met. This includes punctuality of tax payments, and completion of improvements within the allotted period of time. Any conditions not met by the tax abatement holder may result in revocation of the previously granted tax abatement.

The informational packets received by a potential applicant state that: "The abatement holder is required to keep all property taxes current to receive tax abatement. This shall include real and personal property assessed to the abatement holder at all locations within the City of Ypsilanti."

Regarding late tax payments, specific language has been written into the enabling legislation for each of the acts allowing revocation, "...if the recipient has not proceeded in good faith with the operation of the facility".

The Industrial Facilities Tax Exemption (PA 198) states that:

"On or after the December 31 next following the expiration of 60 days after the service upon the owner of a certificate of nonpayment and the filing of the certificate of nonpayment, if payment has not been made within the intervening 60 days, provided for by subsection (1), the industrial facilities exemption certificate shall automatically be terminated."

According to the Obsolete Properties Rehabilitation Act (OPRA):

"The legislative body of the qualified local governmental unit may, by resolution, revoke the obsolete property rehabilitation exemption certificate of a facility if ... the holder of the obsolete property exemption certificate has not proceeded in good faith with the operation of the rehabilitated facility in a manner consistent with the purposes of this act and in the absence of circumstances that are beyond the control of the holder of the exemption certificate."

The city will address these requirements, in relation to tax delinquency, through the following policy:

Proposed Policy and procedure

Recipients of tax abatements are required to remain current in their tax payments. During the lifetime of the abatement, delinquency in payment of taxes will be permitted once before the process of revoking the allotted tax abatement will commence.

Procedure

The City has the authority to reconsider any revocation decision at any point before the final City Council resolution is made.

Payments are late if not received on or before the appropriate due date of either September 14th or February 14th of a given year.

The first delinquency in tax payments shall prompt the City Treasurer to contact the abatement holder via certified mail. This letter will serve as a reminder that tax payments need to remain current throughout the duration of the granted tax abatement. It will also serve as a warning that a subsequent late tax payment will result in revocation of received tax abatements. Failure to receive the mail does not alleviate the intended recipient and/or exemption holder of their obligation to pay taxes on time.

Second delinquency in tax payments:

- 1) The revocation process begins with another letter to the abatement holder stating the history of communication, the reason for revocation of the abatements, and notification that the revocation process has commenced. A copy of this letter is also sent to the City Manager and relevant city staff.
- 2) Except in the case of late taxes for an IFT certificate, a resolution is made by City Council to revoke the granted tax abatement or the holder of the abatement may send a written request to the City and the State Tax Commission regarding revocation.
- 3) A copy of the resolution is sent to the State Tax Commission as a request to revoke granted tax abatement. In the case of an IFT, a letter from the city regarding the revocation of the granted tax abatement is sent.

The revocation shall be considered completed upon the receipt of notification from the State Tax Commission. Once the abatement has been revoked, any taxes that were abated during the lifetime of the abatement period shall be reimbursed to the City.