



Personal Property (PA 328) Tax Exemption Application Packet

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Section A – Industrial Facilities Tax Exemption Guidelines

Introduction

The intent of this document is to outline the policies and procedures adopted by the City of Ypsilanti regarding the abatement of personal property taxes.

The City of Ypsilanti's urban environment, heritage and culture present the community with a unique opportunity to encourage and support sustainable economic development. The City is committed to working closely with entrepreneurs, business owners and developers to provide a business-friendly climate while meeting the needs of the Ypsilanti community.

PA 328 Facts

PA 328 allows the City of Ypsilanti to offer a tax exemption to spur investment in an Industrial Development District, Brownfield Redevelopment District, Local Development Financing District/ Smart Zone, or the Downtown Development District.

New personal property (equipment) installed by eligible business after local approval could be 100% exempt from personal property taxes on both the local and state levels .

The period of time for this incentive is determined by City Council.

This incentive is not project-specific and extends to all personal property investments during the length of the exemption.

The City of Ypsilanti, in an ongoing spirit of cooperation and collaboration, expects all applicants to be current in their property tax payments, hold no liens against their property, have no outstanding fines, and be in compliance with all city codes.

Eligibility

Only new personal property leased or owned by an "Eligible Business" located within an "Eligible District" is exempt.

"Eligible districts" include:

1. Industrial Facilities Property Tax Authorities
2. Renaissance Zones
3. Enterprise Zones
4. Brownfield Redevelopment Authorities
5. Federal Empowerment Zones, Enterprise Communities, and Empowerment Zones which become Renewal Communities
6. Tax Increment Finance Authorities
7. Local Development Finance Authorities
8. Downtown Development Authorities

Eligible businesses must be primarily engaged in manufacturing, mining, research and development, wholesale trade or office operations.

Revocation

If at any time during the abatement period the terms and conditions are violated, the exemption may be revoked.

Questions?

Contact the Planning and Development Department at (734) 483-9646 with further questions regarding Personal Property Tax Exemptions.

Section B – Criteria for Granting Personal Property (PA 328) Tax Exemptions

Priority will be given to applicants whose proposed projects can meet or exceed the City's criteria for granting tax exemptions. Supporting evidence is required and must demonstrate that:

- 1) no outstanding back taxes, fines, or liens are owed to the city
- 2) the applicant will offer employees a living wage (currently \$10/ hour without health benefits and \$8.50/hour with health benefits) who work on the improvement or expansion of the facility, and to other employees of the applicant working in the workplace or location receiving the abatement
- 3) the applicant, contactors, sub-contractors and tenants will make a concerted effort to employ primarily residents of the city of Ypsilanti
- 4) preferably, new projects represent new economy businesses, green technologies, and/or innovative business models.
- 5) the implementation of a project has not begun prior to tax abatement approval
- 6) the applicant is an equal opportunity employer.
- 7) the tax abatement is required for the success of the project. This evidence will be in the form of a written statement addressed to City Council as well as a pro forma submitted with application materials.

Applications will further be considered in light of the following economic development/ redevelopment goals of the City of Ypsilanti:

1. Promoting the growth and expansion of existing businesses and the growth and development of local entrepreneurs.
2. Encouraging the adaptive reuse of historic and underutilized buildings including properties that are currently tax exempt, and supporting Brownfield cleanup and redevelopment.
3. Attracting businesses that diversify the city's commercial and industrial base and contribute to the economic and social well-being of the community.
4. Supporting and attracting businesses that further develop the local workforce by increasing the personal income of residents, diversifying the job base, and creating new jobs.
5. Promoting energy efficiency in building renovations and rebuilds.
6. Continuously improving the quality of life in Ypsilanti.

Any portion of this policy or the procedures outlined may be waived by the City Council if it is in the best interest of the City and in accordance with State law. The City of Ypsilanti also reserves the right to consider additional goals and criteria that are consistent with the interests of the City.

Section C – Personal Property (PA 328) Tax Exemption Application Process

- 1) An “Eligible Business” (see guidelines) submits an application (Michigan Department of Treasury form 3427) and all application materials to the Ypsilanti City Clerk’s Office.
- 2) Before processing, the City must determine if the project is in an “Eligible District” (see guidelines).
- 3) If the project is not located in an Eligible District, the City must first establish an appropriate district.
- 4) City Staff review the application for completeness and make a recommendation to City Council regarding the application.
- 5) If application is approved, City Council adopts a resolution providing for the exemption. The City and business owner negotiate the length of the abatement during the adoption of the resolution (there is no minimum or maximum number of years).
- 6) A copy of the application and all materials, including the resolution is sent to the State Tax Commission.
- 7) The State Treasurer, with written agreement from the Michigan Economic Development Corporation, advises the State Tax Commission as to whether or not the proposed Personal Property Tax Exemption of the “Eligible Business” is necessary to: 1) Reduce unemployment, 2) Promote economic growth, 3) Increase capital investment in the state.

Section D – Personal Property (PA 328) Tax Exemption Applicant Checklist of Documents and Attachments

Four copies of each of the following materials should be submitted to the City:

- PA 328 application (submit original signed application to City Clerk's Office)
- legal description of property
- detailed description of business operation
- list of existing equipment
- list of new equipment to be purchased in the form of a certified statement
- a detailed statement outlining why a Personal Property Tax Exemption is needed for the project. The statement should address the project in relation to the City criteria for granting Personal Property tax exemption certificates and economic development goals (found in this packet), as well as why you feel that the project is eligible for this exemption
- a pro forma
- Equal Employment Opportunity statement
- application fee
- any supplemental information necessary to support the application

It is the burden of the applicant to provide sufficient materials to support an application. The City of Ypsilanti holds no responsibility in the submission of an application or supporting materials. Incomplete applications will not be considered.

City Clerk (sign when complete)

Date Stamp