

**CITY OF OWOSSO
5TH MONDAY MEETING OF THE CITY COUNCIL
MONDAY, JULY 29, 2019
7:30 P.M.**

**Meeting to be held at City Hall
301 West Main Street**

AGENDA

OPENING PRAYER:

PLEDGE OF ALLEGIANCE:

ROLL CALL:

APPROVAL OF THE AGENDA:

APPROVAL OF THE MINUTES OF REGULAR MEETING OF JULY 15, 2019:

ADDRESSING THE CITY COUNCIL

1. Your comments shall be made during times set aside for that purpose.
2. Stand or raise a hand to indicate that you wish to speak.
3. When recognized, give your name and address and direct your comments and/or questions to any City official in attendance.
4. Each person wishing to address the City Council and/or attending officials shall be afforded one opportunity of up to four (4) minutes duration during the first occasion for citizen comments and questions. Each person shall also be afforded one opportunity of up to three (3) minutes duration during the last occasion provided for citizen comments and questions and one opportunity of up to three (3) minutes duration during each public hearing. Comments made during public hearings shall be relevant to the subject for which the public hearings are held.
5. In addition to the opportunities described above, a citizen may respond to questions posed to him or her by the Mayor or members of the Council, provided members have been granted the floor to pose such questions.

CONSENT AGENDA

1. Moonlight Market. Approve request from Tracey Peltier, Executive Director of the Downtown Owosso Farmer's Market for closure of Curwood Castle Dr. from M-21 to M-52, August 1, 2019 from 2 p.m. until 11 p.m. for Moonlight Market and authorize Traffic Control Order No. 1423 formalizing the action.

CITIZEN COMMENTS AND QUESTIONS

ITEMS OF DISCUSSION

1. Tax Abatement Programs and Current Status. Discuss Abatement Programs and the current status of the City's tax abatements.

CITIZEN COMMENTS AND QUESTIONS

NEXT MEETING

Monday, August 05, 2019

BOARDS AND COMMISSIONS OPENINGS

Building Board of Appeals – Alternate - term expires June 30, 2019
Building Board of Appeals – Alternate - term expires June 30, 2021
Brownfield Redevelopment Authority – term expires June 30, 2022
Historical Commission – 2 terms expire December 31, 2021
Planning Commission – term expires June 30, 2019
SATA Board of Directors – term expires October 1, 2022

ADJOURNMENT

The City of Owosso will provide necessary reasonable auxiliary aids and services, such as signers for the hearing impaired and audio recordings of printed materials being considered at the meeting, to individuals with disabilities at the meeting/hearing upon seventy-two (72) hours notice to the City of Owosso. Individuals with disabilities requiring auxiliary aids or services should contact the City of Owosso by writing, calling, or emailing the following: Owosso City Clerk's Office, 301 West Main Street, Owosso, MI 48867; Phone: (989) 725-0500; Email: city.clerk@ci.owosso.mi.us. The City of Owosso Website address is www.ci.owosso.mi.us.

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301 W. MAIN • OWOSSO, MICHIGAN 48867-2958 • (989) 725-0599 • FAX (989) 723-8854

MEMORANDUM

DATE: July 23, 2019
TO: City Council
FROM: Kevin Lenkart
Director of Public Safety
RE: Traffic Control Order # 1423

Tracey Peltier, Executive Director of Downtown Owosso Farmer's Market, has requested a street closure for the 2019 Moonlight Market.

LOCATION:

Curwood Castle Drive from M-21 to M-52

DATE/TIME:

Date: Thursday, August 1, 2019

Time: 2:00 pm – 11:00 pm

The Public Safety Department has issued Traffic Control Order No# 1423 in accordance with the Rules for the Issuance of Certain Traffic Control Orders. Staff recommends approval and further authorization of a traffic control order formalizing the action.

CITY OF OWOSSO

TRAFFIC CONTROL ORDER

(SECTION 2.53 UNIFORM TRAFFIC CODE)

ORDER NO.	DATE	TIME
1423	7/23/19	9:00 am

REQUESTED BY
Kevin Lenkart – Director of Public Safety

TYPE OF CONTROL
Street closure

LOCATION OF CONTROL
Curwood Castle Drive from M-21 to M-52

DATE:
Thursday, August 1, 2019

TIME:
2:00 pm – 11:00 pm

EVENT:
Moonlight Market 2019

APPROVED BY COUNCIL

_____, 20____

REMARKS

#1423



APPLICATION FOR USE OF PARKING LOTS, PARADES, OR SIMILAR EVENTS

301 W. MAIN OWOSSO, MICHIGAN 48867-2958 · (989) 725-0550 · FAX 725-0526

The request for use of the parking lots, parade, or similar event shall be submitted to the Director of Public Safety not less than 14 days nor more than 120 days before the date for which the use is requested.

The submission of a request by an individual or organization for a traffic control order pursuant to these rules and regulations shall constitute an agreement to indemnify and hold the City and its officers and employees harmless from any and all liability arising from the event or activities for which the request is made.

Name of individual or group: Downtown Owosso Famers Market Date: 7/22/19

Primary Contact Person Name: Tracey Peltier Title: Executive Director Address: 1888 Ketegawn Owosso, MI 48867 Phone: 989.413.3728

Requested Date(s): Thursday, August 1 Requested Hours: 2:00pm to 11:00pm

Area Requested (Parking Lot - Parade Route): Curwood Castle Drive from M-21 to M-52

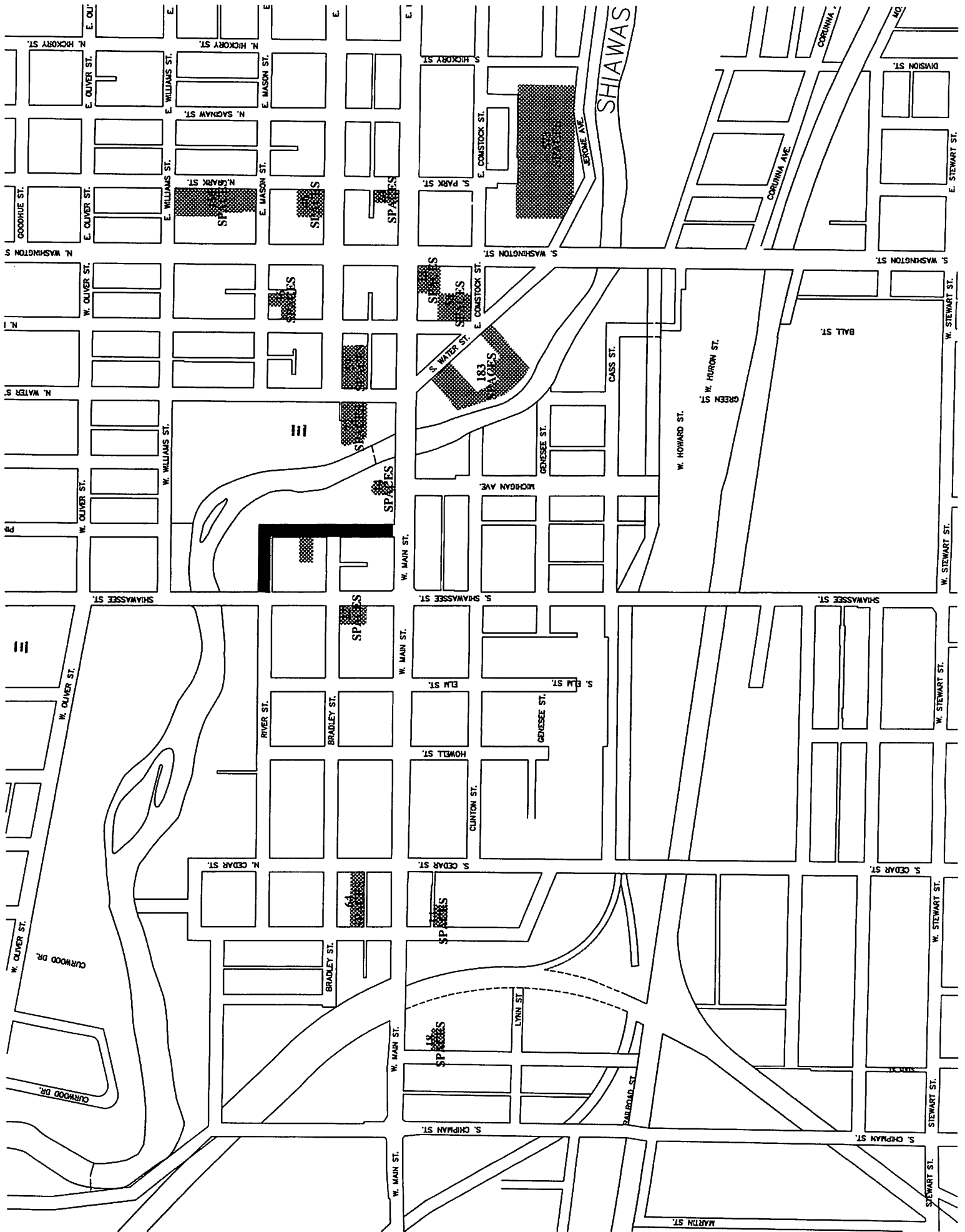
Detailed description of the use for which the request is made: Moonlight Market 2019

- Attach copies of any rules or policies applicable to persons participating in the event. Evidence to the City of insurance coverage applicable to the event or activity naming the City as an additional insured in an amount of not less than \$500,000 combined single limit. or The City Council may waive such insurance requirement if it determines that insurance coverage is unavailable or cannot be obtained at a reasonable cost and the event or activity is in the public interest or fulfills a legitimate and recognized public purpose.

Do Not Write Below This Line - For Officials Use Only

Approved [] Not Approved [] Date: Traffic Control Order Number

Cc: DDA - Director WCIA - Chairperson





Tax Abatement Programs and Current Status

Current programs available in Owosso

- Brownfield (OBRA)
- Personal Property Tax Exemption
 - This is being phased out statewide along with the tax itself
- Industrial Facilities Tax Abatement (IFT or PA 198)
- Obsolete Property Rehabilitation Act Program (OPRA)
- Commercial Redevelopment Tax Abatement
- Commercial Rehabilitation Tax Abatement
- Neighborhood Enterprise Zone (NEZ)

Personal Property Tax Exemption: PA 328 (1998)

What is a PA 328?

- 100% abatement on new personal property investment
- Since PPT is being permanently phased out, PA 328 will disappear with it.



Current PA 328 Properties

- Midwest Bus
- CIE Newcor (formerly Machine Tool & Gear)
- RWI Manufacturing
- Tri-Mer
- Total taxes abated (2018):
 - City Operating: \$9,354.55
 - City Debt: \$1,310.74
 - **TOTAL: \$10,665.29**



NEZ'es (PA 147 of 1992)

What is a NEZ?

- Provides a tax incentive incentive for the development and rehabilitation of residential housing.
- Community can reduce the taxes on residential property development in designated areas for up to 15 years.

Current NEZ properties

- Woodard Station: 34 units



- **Total taxes abated (2018):
\$2,583**

Industrial Facilities Tax Abatement: IFT (PA 198)

What is an IFT or “198?”

- 50% abatement for new industrial real property investment.
- Lasts up to 12 years
- For building new plants, rehabbing old plants, or plant additions

Current IFT/198 properties

- Tri-mer
- RWI Manufacturing
- Covenant Eyes
- TiAl Products
- CIE Newcor

- Total Taxes Abated (2018)
 - City Operating: \$17,912.15
 - City Debt: \$2,519.22
 - **TOTAL: \$20,431.37**



Commercial Redevelopment Tax Abatement (PA 255 of 1978 and 2009)

What is a PA 255?

- Like an IFT/PA 198 except for commercial property
- 50% real property tax abatement
- 12 year maximum term
- Must cover at least 3 acres of property within a downtown development authority

Current PA 255 Properties

- None.
- No effect on property tax revenue
- Very few properties in Owosso would qualify
- A good example of a realistic PA 255 project would be if a large hotel wanted to locate in Owosso

Obsolete Property Rehabilitation Act Tax Abatement (OPRA): PA 146 of 2000

What is an OPRA?

- Encourages redevelopment of obsolete older buildings.
- No new exemptions after 2026 per state rules
- Freezes taxable value at pre-development level

Current OPRA Properties

- Matthews Building
- Magoo's Pet Store Building
- Daystarr
- Hankerd's
- Wesener Building

- While the freezes are in effect, these OPRA's have not resulted in any real property tax revenue loss for the city.

Commercial Redevelopment Tax Abatement: PA 210 of 2005

What is a PA 210?

- Abated property tax revenue on new investment
- Up to 10 years
- Includes a building or group of contiguous buildings of commercial property that are 15 years or older
- Development must be commercial business or multi family housing (>5 units)

Current PA 210 Properties

- Hardees



- Currently no loss to city real property tax revenue.

Brownfield (OBRA): 2000

What is a Brownfield?

- Uses tax increment financing (TIF) to reimburse brownfield related costs incurred by developer.
- For contaminated, obsolete, blighted, or historical properties
- Three possible components
 1. Grant
 2. Loan (1.5% interest for 10 years)
 3. TIF (up to 30 years)

Current Active Brownfield Sites

- TiAl Products
- Robbins Furniture Bldg
- Capital Bowl
- Woodard Station
- Armory
- Qdoba
- Cargill
- **Total Brownfield TIF Capture (2018): \$70,038**

Brownfield 2018 continued...

- Brownfield does not only capture from the City's millage:
 - County Operating \$27,703
 - State Education Tax \$31,345
 - Medical Care Facility \$9,974
 - Senior Services \$2,150
 - Veterans (PA 214) \$499
 - Veterans (voted) \$996
 - MSU Extension \$378
 - RESD \$23,930
 - School Operating \$90,905
 - Library \$6,211
 - SATA \$1,666

City's Current Abatement Policy Scoring Rubric

<p>1. Capital investment \$Up to \$100,000 \$100,001 to \$250,000 \$250,001 to \$500,000 \$500,001 to \$1,000,000 \$1,000,001 to \$2,500,000 \$2,500,001 to \$5,000,000 \$5,000,001 and up</p>	<p>Years of tax abatement 1 2 3 4 5 6 7</p>	<p>Rehabilitated/restored additional two years in any capital investment</p>
<p>2. Job creation <u>as Full Time Equivalent (40hrs.per week)</u> 1-10 11-25 26-50 51 and up</p>	<p>Years of tax abatement 2 3 4 5</p>	
<p>3. Job wages Average wage > 1.5x minimum wage Average wage > 2x minimum wage Average wage > 3x minimum wage</p>	<p>Years of tax abatement 2 4 6</p>	
<p>4. Number of years located in city of Owosso 2-10 11-15 16 and up</p>	<p>Years of tax abatement 1 2 3</p>	
<p>5. Employees with city of Owosso residency 1-10 11-25 26+</p>	<p>Years of tax abatement 1 2 3</p>	

Cumulative Abatement Effect

Taxable Value - 2018

- Total: \$252,688,608
- Captured: \$11,400,398
 - Abatements: \$5,984,065
 - Brownfields: \$5,416,333
- Percent of value captured: 4.511%
 - City policy is < 5%

Property Tax Revenue

- Total: \$3,450,000
- Captured: \$115,588
 - Abatements: \$45,550
 - Brownfields: \$70,038
- Percent of revenue captured: 3.335%

PERSONAL PROPERTY TAX RELIEF IN DISTRESSED COMMUNITIES (PA 328)

Public Act 328 of 1998 (PA 328) allows distressed communities, county seats and certain border county communities to abate personal property taxes on new investments made by eligible businesses.

ELIGIBILITY AND PROCESS

Eligible location sites include cities, villages and townships that contain distressed areas, as defined under the Michigan State Housing Development Authority Act, and all county seats, as defined under the Neighborhood Enterprise Zone Act. Eligible cities, villages, townships and county seats are listed on the following page.

Eligible businesses that locate in a border county and receive approval from the Michigan State Treasurer and president of the Michigan Strategic Fund may also receive this incentive. Berrien, Branch, Cass, Chippewa, Dickinson, Gogebic, Hillsdale, Iron, Lenawee, Menominee, Monroe, St. Clair, St. Joseph and Wayne are eligible border counties. The business must locate in a local governmental unit that is served by at least four of the following services: water, sewer, police, fire, trash or recycling.

Eligible projects include manufacturing, mining, research and development, wholesale trade and office operations. Retail businesses and casinos are not eligible.

Businesses may apply for the abatement through their local taxing unit if located in an eligible community. Locally approved applications are filed with the State Tax Commission (STC), which must approve or deny the local resolution within 60 days. The State Treasurer, with the written consent of the Michigan Economic Development Corporation (MEDC), is required to provide advice to the STC as to whether the exemption is necessary to reduce unemployment, promote economic growth, and increase capital investment.

New personal property is defined as property not previously subject to property taxes in any other jurisdiction in this state. This includes personal property already in Michigan, but exempt for another reason (e.g., property previously owned by a local unit of government). To determine if certain property is considered new, please contact the Department of Treasury at 517.373.0675

TERMS OF ABATEMENT

Abatements under PA 328 reduce property taxes by the full millage rate, including state and local levies. The eligible local units may, by resolution, exempt new personal property in any of the following areas: an industrial development district (**PA 198 of 1974**), a Renaissance Zone, an enterprise zone, a brownfield redevelopment zone, an empowerment zone, a tax increment financing district, a local development financing district, a Next Michigan Development Corporation District or a downtown development district.

The local community and the business negotiate the length of abatement for the new personal property tax. The law does not specify a maximum or minimum number of years.

EXTENSION UNDER PERSONAL PROPERTY TAX REFORM

Personal property exempt under PA 328 and eligible in the future for the Personal Property Tax (PPT) exemption will automatically continue to be exempt under PA 328 until that property may be claimed as exempt from the PPT in the current tax year.

CONTACT

For more information, contact the MEDC customer assistance center at 517.373.9808.

(List of eligible distressed areas and county seats on next page)

ELIGIBLE DISTRESSED COMMUNITIES AND COUNTY SEATS

This list reflects a group of communities (170 EDAs, 129 cities, 26 townships, 15 villages) that qualify for the PA 328 exemption based on Neighborhood Enterprise Zone designation, pursuant to changes to PA 147 of 1992.

CITIES

Adrian
Albion
Allegan
Alma
Alpena
Ann Arbor
Bad Axe
Bangor
Battle Creek
Bay City
Benton Harbor
Bessemer
Big Rapids
Bronson
Burton
Cadillac
Caro
Carson City
Caspian
Center Line
Charlevoix
Charlotte
Cheboygan
Coldwater
Coleman
Corunna
Crystal Falls
Dearborn
Dearborn Heights
Detroit
Dowagiac
East Lansing
Eastpointe
Ecorse
Escanaba
Ferndale
Flint
Gaastra
Gaylord
Gibraltar
Gladstone
Gladwin
Grand Haven
Grand Rapids

Grayling
Hamtramck
Harbor Beach
Harper Woods
Harrison
Harrisville
Hart
Hartford
Hastings
Hazel Park
Highland Park
Hillsdale
Holland
Houghton
Howell
Inkster
Ionia
Ironwood
Iron Mountain
Iron River
Ishpeming
Ithaca
Jackson
Kalamazoo
Lake City
Lansing
Lapeer
Lincoln Park
Livonia
Ludington
Manistee
Manistique
Marquette
Marshall
Mason
Melvindale
Menominee
Midland
Monroe
Mt. Clemens
Mt. Morris
Mt. Pleasant
Munising
Muskegon

Muskegon Heights
Niles
Norton Shores
Norway
Oak Park
Omer
Onaway
Owosso
Petoskey
Pinconning
Pontiac
Portage
Port Huron
Reed City
River Rouge
Rogers City
Saginaw
Sandusky
Sault Ste. Marie
Southfield
St. Ignace
St. Johns
St. Joseph
St. Louis
Standish
Stanton
Sturgis
Tawas City
Taylor
Three Rivers
Traverse City
Trenton
Vassar
Wakefield
Warren
Wayne
West Branch
White Cloud
Wyandotte
Wyoming
Ypsilanti

TOWNSHIPS

Benton (Berrien)
Buena Vista
(Saginaw)
Calumet
(Houghton)
Carp Lake
(Ontonagon)
Carrollton
(Saginaw)
Champion
(Marquette)
Columbia (Tuscola)
Duncan (Houghton)
Elba (Gratiot)
Elmwood (Tuscola)
Emerson (Gratiot)
Genesee (Genesee)
Marlette (Sanilac)
Minden (Sanilac)
Montrose (Genesee)
Mt. Morris (Genesee)
Oscoda (Iosco)
Oliver (Huron)
Pulawski
(Presque Isle)
Redford (Wayne)
Royal Oak (Oakland)
Sebewaing (Huron)
Sheridan (Calhoun)
Spaulding (Saginaw)
Turner (Arenac)
Wisner (Tuscola)

VILLAGES

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

NEIGHBORHOOD ENTERPRISE ZONE (NEZ)

The Neighborhood Enterprise Zone (NEZ) Program was established by Public Act 147 of 1992, as amended. The program provides a tax incentive for the development and rehabilitation of residential housing. A qualified local unit of government may designate one or more areas as a NEZ within that local unit of government. The program was established to spur the development and rehabilitation of residential housing in communities where it may not otherwise occur. The program also encourages owner-occupied housing and new investment in communities.

WHO IS ELIGIBLE TO APPLY?

A qualified local unit of government, as defined under Section 2 of the Obsolete Property Rehabilitation Act 2000 PA 146, or a county seat.

HOW DOES IT WORK?

A community will reduce the taxes on property for up to 15 years in designated areas to promote the revitalization of those neighborhoods. Developers and owners must first seek approval for the NEZ benefits before starting a project. There are three different types of projects that can be undertaken in an NEZ:

- A homestead facility is defined as an existing structure, purchased by or transferred to an owner after December 31, 1996, that has as its primary purpose residential housing consisting of one or two units, one of which is occupied by an owner as their principle residence and that is located within a platted subdivision.
- A rehabilitated facility is defined as an existing structure or a portion of an existing structure with a current true cash value of \$80,000 or less per unit that has or will have as its primary purpose residential housing consisting of 1–8 units.
- A new facility is defined as a new structure or portion of a new structure that has as its primary purpose residential housing consisting of one or two units, one of which will be owner occupied as a principal residence. This definition includes a new individual condominium unit, in a structure

with one or more condominium units, that has as its primary purpose residential housing which will be owner-occupied as a principal residence. Except when project meet ALL of the following items, a new facility does not include apartments:

- > Rented or leased or is available for rent or lease.
- > A mixed use building or located in a mixed use building that contains retail business space on street level floor.
- > Located in a qualified downtown district (DDA, PSD, or boundaries identified by the local government in an area zoned and primarily used for business).

WHAT IS THE PROCESS?

Note: The following steps are offered as general guidelines only and the legislation should be reviewed by local officials prior to starting the designation process.

Local Government Process to Designate a NEZ

1. The governing body of a qualified local unit of government by resolution may designate one or more NEZs within that local governmental unit. The NEZ must contain, at a minimum, platted parcels of land and the land must be compact and contiguous. Minimum number of parcels and maximum percent of acreage vary depending on type of designation.
2. Written notice is provided to the assessor and to the governing body of each taxing unit not less than 60 days before passing the resolution designating a NEZ.
3. The governing body makes a finding that the proposed NEZ is consistent with the master plan, neighborhood preservation and economic development goals of the local governmental unit.
4. The governing body adopts a statement of the local unit of government's goals, objectives and policies relative to the maintenance, preservation, improvement and development of housing for all persons regardless of income level living within the proposed NEZ.

5. The governing body passes a housing inspection ordinance that, at a minimum, requires that before the sale of a unit in a new or rehabilitated facility for which a NEZ certificate is in effect, an inspection is made of the unit to determine compliance with any local construction or safety codes and that a sale may not be finalized until there is compliance with those local codes.
6. The governing body holds a public hearing not later than 45 days after the date the notice is sent but before acting upon resolution.
7. Assessor determines and furnishes the governing body the amount of true cash value of the property located within the proposed NEZ and any other information considered necessary by the governing body.
8. The clerk of the governing body notifies the state tax commission of resolution passage, including a copy of the resolution and a listing of each parcel located in the NEZ, showing parcel code numbers and addresses.

Owner/Developer Process for Obtaining a NEZ Certificate

1. An owner or developer (or prospective owner or developer) of a proposed new facility or proposing to rehab property in a NEZ files an application for an NEZ certificate with the clerk of the local government. The application must be filed BEFORE a building permit is issued for the new construction or rehabilitation of the facility, unless they qualify for the exceptions provided for in Section 4 (2) of the Act.
2. An owner/developer obtains a building permit and submits a copy to the local unit of government.
3. Upon project completion, the property owner must submit to the local unit of government the following:
 - > *New Facility/ Homestead Facility*—certificate of occupancy and/or an affidavit executed by the owner affirming that the facility is occupied by the owner as a principal residence.
 - > *Rehabilitated Facility*—an affidavit executed by the owner affirming that the facility is occupied

by the owner as a principal residence, a certificate that the improvements have met the minimum cost requirements and the local building code standards issued by the local building inspector, and a certificate of occupancy if required by the local building permits or codes.

4. The local government will forward an application approved by resolution and the appropriate documentation (building permit, resolution contractor estimates, legal description and parcel number) to the state tax commission within 60 days of receiving it.
5. The State Tax Commission will issue a certificate to the applicant if it is determined that the facility complies with the NEZ program requirements within 60 days of receipt of the complete application from local government. Copies of the certificate will be sent to the applicant, assessor's office and each affected taxing unit.

Rehabilitation Cost Requirements

1. Improvements, if done by a licensed contractor, are estimated at more than \$5,000 per owner-occupied unit or 50% of the true cash value (whichever is less), or \$7,500 per non-owner-occupied unit or 50% of the true cash value (whichever is less).
2. If the owner proposes improvements that would be done by the owner, the cost of the materials must be in excess of \$3,000 per owner-occupied unit or \$4,500 per non-owner-occupied unit. Improvements estimated by the owner should not include the cost of labor.
3. These improvements must bring the structure into conformance with minimum building code standards. A rehabilitated facility does not include a facility rehabilitated with the proceeds of an insurance policy for property or casualty loss.

NEZ Certificate

1. The NEZ certificate becomes effective December 31 of the year the new facility or rehabilitated facility is substantially completed and for a new facility occupied by an owner as a principal residence.

OR—If a new facility is substantially completed in a year but is not occupied by an owner as a principal residence until the following year, upon the request of the owner, the effective date of the NEZ shall be December 31 in the year immediately preceding the date of occupancy by the owner as a principal resident.

OR—Upon the request of the owner, the effective date of the NEZ for a rehabilitated facility shall be December 31 in the year immediately preceding the date on which the rehabilitated facility is substantially completed.

2. Certificates are effective for up to 15 years, depending on the local government unit and the type of project.
3. A certificate can be transferred to succeeding property owners within the 12 years provided that the new owner meets the NEZ requirements for the program.
4. A certificate expires if an owner fails to complete the filing within two years after the certificate is issued.
5. A certificate is automatically revoked if any one of the following exists:
 - > The new facility is no longer a homestead or residential facility.
 - > The NEZ tax is not paid or property tax is not paid.
 - > If the state tax commission is notified that the structure is not in compliance with local construction, building or safety codes.
6. Requests for certificate revocation must be made to the State Tax Commission.

NEZ Tax

1. The NEZ tax is levied on NEZ certificate holders in place of ad valorem real property taxes on the new or rehabilitated facility (not on the land on which the facility is located). The property taxes levied on the land will continue to be collected as they would without the NEZ designation.

2. The NEZ tax is an annual tax payable at the same time, and in the same way, taxes under the general property tax act are collected.
3. Until paid, the NEZ tax is a lien on the real property upon which the new facility or rehabilitated facility subject to the certificate is located.
4. School taxes are reimbursed by the state.

New Facility Property Tax Calculation

- *Financial Residence Property*—Apply one-half of the previous year's state average principal residence millage rate to the value of the facility.
- *Non-Principal Residence Property*—Apply one-half of the previous year's state average non-principal residence millage rate to the taxable value of the facility
 - > The NEZ tax on new construction attached to an existing facility will only apply to the addition. The rest of the facility will continue to be assessed regular property taxes.

Rehabilitated Facility Tax Calculation

- Apply the current total millage rate to the previous year's taxable value of the rehabilitated portion of the facility (not including the land).

WHY WOULD A COMMUNITY WANT TO ESTABLISH A NEZ?

A Neighborhood Enterprise Zone provides a tax incentive for the development and rehabilitation of residential housing and to spur the development and rehabilitation of residential housing in communities where it may not otherwise occur. A NEZ also promotes neighborhood revitalization, encourages owner occupied housing and new investment by lowering property taxes.

SUPPORTING STATUTE

Public Act 147 of 1992, as amended

INDUSTRIAL PROPERTY TAX ABATEMENT (PA 198 of 1974, as amended)

Industrial property tax abatements provide incentives for eligible businesses to make new investments in Michigan. These abatements encourage Michigan manufacturers to build new plants, expand existing plants, renovate aging plants, or add new machinery and equipment. High technology operations are also eligible for the abatement.

High-technology activity is defined in the Michigan Economic Growth Authority (MEGA) Act as: advanced computing, advanced materials, biotechnology, electronic device technology, engineering or laboratory testing related to product research and development and advanced vehicles technology or technology that assists in the assessment or prevention of threats or damage to human health or the environment. Abatements under PA 198 can significantly reduce property taxes on new investment for eligible firms.

ESTABLISHING THE DISTRICT

Tax benefits are granted by the legislative body of the city, township or village in which the investment will be located. A public hearing is held and a resolution is adopted to approve the establishment of an Industrial Development District (for a new project) or a Plant Rehabilitation District (for a rehabilitation project). A written request to establish the district must be filed with the clerk of the local unit of government prior to commencement of construction, alteration or installation of equipment.

Once the district is established, the company may apply for an abatement on real and personal property taxes for up to 12 years.

APPLICATION PROCESS

Industrial property tax abatements must be approved at both the local and state levels. The eligible business files an application (Michigan Department of Treasury Form 1012) with the local clerk after the district has been established and no later than six months after commencement of the project. The local unit adopts a

resolution approving the application and determines the length of years for the abatement. After a local public hearing, the application is filed and reviewed by the State Tax Commission (STC) and the Michigan Economic Development CorporationSM (MEDC). The STC then grants final approval applications with required attachments must be received by the STC no later than October 31, in order to receive consideration and action by December 31.

Applications to the STC must include an agreement signed by the local unit and the operator of the facility outlining the conditions of the abatement. This shall include an affidavit that no payment of any kind in excess of the fee allowed under the act has been made or promised in exchange for favorable consideration of exemption application.

Once approved, the firm pays an Industrial Facilities Tax (IFT), instead of property tax, which reflects the abatement savings.

ELIGIBLE FACILITIES

Industrial plants eligible for tax abatement are those that primarily manufacture or process goods or materials by physical or chemical change. Related facilities of Michigan manufacturers such as offices, engineering, research and development, warehousing or parts distribution are also eligible for exemption.

Research and development laboratories, high-tech facilities and large communication centers can qualify throughout Michigan.

Facilities used for warehousing, distribution or logistics purposes can be eligible if they locate in specific border counties. At least 90 percent of the property, excluding the surrounding green space, must be used for a warehouse, distribution, logistics or communication center and occupy a building or structure that is more than 100,000 square feet. Eligible border counties include

Berrien, Branch, Cass, Chippewa, Dickinson, Gogebic, Hillsdale, Iron, Lenawee, Menominee, Monroe, St. Clair, St. Joseph, and Wayne.

The exemption applies to buildings, building improvements, machinery, equipment, furniture and fixtures. Real and personal property are eligible whether owned or leased (provided the lessee is liable for payment of taxes on the property).

The exemption covers only the specific project that is the subject of the application. Any buildings and equipment that existed prior to construction of a new facility are not exempt. If the project is rehabilitation, the value of any pre-existing obsolete property is exempt from ad valorem property taxes, but will be used as the base for IFT. Similarly, any structures or equipment added after completion of the project are fully taxable.

TAX IMPACT

Real and Non-industrial Personal Property IFT Treatment

The IFT on a new plant and non-industrial personal property, such as some high-tech personal property, is computed at half the local property tax mileage rate. This amounts to a reduction in property taxes of approximately 50 percent. In addition, the 6-mill SET may be abated 100 percent, 50 percent or not at all. Any SET abatement must be negotiated with the MEDC.

Rehabilitation of Real or Personal Property IFT Treatment

For an obsolete plant or machinery that is being replaced or restored, the IFT is frozen at the assessed value of the plant prior to improvement. This results in a 100 percent exemption from property tax on the value of the improvements.

Speculative Building IFT Treatment

In order for a speculative building to qualify for abatement, the local unit must approve a resolution declaring it is a speculative building prior to identifying occupants. Initial construction and finishing costs would be eligible for a reduction in property taxes of approximately 50 percent.

Commercial Personal Property Tax Relief

Commercial personal property will receive an automatic reduction of 12 mills for local school on their property tax bill.

Extension Under Personal Property Tax Reform

Personal property abated under PA 198 and eligible in the future for the Personal Property Tax (PPT) exemption will automatically continue to be abated under PA 198 until that property may be claimed as exempt from the PPT in the current tax year. Businesses with IFT until the property becomes eligible for the PPT exemption.

For more information, contact the MEDC customer contact center at 517.373.9808 or visit our website at www.michiganbusiness.org.

COMMERCIAL REDEVELOPMENT ACT

Public Act 255 of 1978 encourages the replacement, restoration and new construction of commercial property by abating the property taxes generated from new investment for a period up to 12 years. As defined, commercial property means land improvements whether completed or in the process of construction, the primary purpose and use of which is the operation of a commercial business enterprise, including office, engineering, research and development, warehousing parts distribution, retail sales, hotel or motel development, and other commercial facilities. Mixed-use developments maybe eligible, but the abatement will only apply to the commercial portion of the property. Land and personal property are not eligible for abatement under this act.

WHO IS ELIGIBLE?

“Local governmental unit” means a city or village.

WHAT IS A REPLACEMENT, NEW AND RESTORED FACILITY?

“Replacement facility” means commercial property to be acquired, constructed, altered, or installed for the purpose of being substituted for obsolete commercial property. Property impaired due to changes in design, construction, technology, or improved production processes, or damage due to fire, natural disaster, or general neglect shall be considered obsolete. All other new commercial property is considered a “new facility.” For purposes of granting the tax abatement, the replacement or new facility must meet all of the following conditions:

1. Is located on property that is zoned to allow for mixed-use, including high-density residential.
2. Is located in a qualified downtown revitalization district as defined in section two of the *Neighborhood Enterprise Zone Act (PA 147 of 1992)*. This requires either being located in a *Downtown Development Authority (PA 197 of 1975)*, a *Principal Shopping District or Business Improvement District (PA 120 of 1961)* or an area that is zoned and primarily used for business as determined by the local government unit.
3. The city or village establishes and implements an expedited local permitting and inspection process in the Commercial Redevelopment District. In addition, by resolution provides for the walkable non-motorized interconnections, including sidewalks and streetscapes throughout the Commercial Redevelopment District.

A “restored facility” means changes to obsolete commercial property as may be required to restore the property to an economically efficient condition. Restoration must result in improvements aggregating to more than 10 percent of the true cash value of the property at commencement of the restoration. Restoration includes major renovation including, but not limited to, the improvement of floor loads, correction of deficient or excessive height, new or improved fixed building equipment, including heating, ventilation, and lighting, reducing multistory facilities to one or two stories, improved structural support including foundations, improved roof structure and cover, floor replacement, improved wall placement, improved exterior and interior appearance of buildings, and other physical changes.

WHAT IS THE PROCESS?

Before the Commercial Redevelopment Exemption Certificate (i.e., property tax abatement) can be granted for the Facility, the city or village, by resolution of its legislative body, must establish a Commercial Redevelopment District. The establishment of the district may be initiated by the local government unit or by owners of property comprising 75 percent of state equalized value of the property in the proposed district. At the time of the resolution’s adoption, property within the district must meet one of the following:

1. Obsolete commercial property or cleared or vacant land and part of an existing developed commercial or industrial zone. The property must have been zoned commercial or industrial before June 21, 1975, and characterized by obsolete commercial property and a decline in commercial activity.
2. Land cleared as a result of fire damage, or cleared as blighted area under *Blighted Area Rehabilitation Act (PA 344 of 1945)*.
3. Cleared or vacant land included in a redevelopment plan adopted by the Downtown Development Authority (PA 197 of 1975) or Principal Shopping District or a Business Improvement District (PA 120 of 1961).

To establish the Commercial Redevelopment District, the city or village must first hold a hearing to establish a Commercial Rehabilitation District and determine in the resolution the district meets the requirements of the act. Once the district is established, the property owners may file an application

with the local clerk for a Commercial Facilities Exemption Certificate. Applications are available from the Michigan Department of Treasury. Before acting on the application, the city or village shall hold a public hearing on the application and not more than 60 days after receipt of the application either approved or disapproved by resolution. The local clerk shall provide written notification of the application hearing to the assessor of the local unit of government and each taxing jurisdiction that levies ad valorem property taxes. If approved, the application and resolution must be sent to the State Tax Commission for filing purposes.

COMMERCIAL FACILITIES EXEMPTION CERTIFICATE

The property owner must pay a Commercial Facilities Tax rather than the normal property tax. The certificate must be issued for a period of at least one year, but cannot exceed 12 years. Certificates initially issued for less than 12 years may be extended based upon factors placed in writing at the time the certificate is approved, but shall not exceed 12 years.

DETERMINING COMMERCIAL FACILITIES TAX RATE

For a restored facility: The Commercial Facilities Tax freezes the taxable value of the building at its value prior to restoration, therefore exempting the new investment from local taxes for a period not to exceed 12 years. The school operating tax and the State Education Tax (SET) are also frozen. Land and personal property cannot be abated under this act.

For a new or replacement facility: The Commercial Facilities Tax provides a 50 percent reduction in the number of mills levied as ad valorem taxes, excluding only the State Education Tax (SET). Land and personal property cannot be abated under this act.

Within 60 days after the granting of a new Commercial Facilities Exemption Certificate, the state treasurer may exempt 50 percent of the SET mills for a period not to exceed six years. The state treasurer will not grant more than 25 of these SET exclusions each year.

DISCUSSION

In addition to the Commercial Redevelopment Act (PA 255 of 1978), several other property tax abatements are available for the rehabilitation of commercial property in Michigan, including the Commercial Rehabilitation Act (PA 210 of 2005) and the *Obsolete Property Rehabilitation Act (PA 146 of 2000)*. Each act has unique eligibility requirements, processes, and lengths and terms of the abatement. Please refer to the Michigan Economic Development Corporation (MEDC) fact sheet for more information on each program and consult the authorizing statute to determine the best fit for your project needs.

CONTACT INFORMATION

For more information on the Commercial Rehabilitation Act, please contact the *CATeam specialist* assigned to your territory. For more general information, contact the MEDC customer contact center at 517.373.9808.

SUPPORTING STATUTES

PA 255 of 1978: Commercial Redevelopment Act

OBSOLETE PROPERTY REHABILITATION ACT (OPRA)

The Obsolete Property Rehabilitation Act (OPRA), [Public Act 146 of 2000](#), provides for a tax incentive to encourage the redevelopment of obsolete buildings. A new exemption will not be granted after December 31, 2026, but an exemption then in effect will continue until the certificate expires. The tax incentive is designed to assist in the redevelopment of older buildings in which a facility is contaminated, blighted or functionally obsolete. The goal is to rehabilitate older buildings into vibrant commercial and mixed-use projects.

Note: This document is offered as a general guide only and the legislation should be reviewed by local officials.

WHO IS ELIGIBLE?

OPRA tax abatements may be given for those eligible projects that take place on an obsolete property and result in a commercial or mixed-use building project located in only the [qualified local units of government](#).

HOW DOES IT WORK?

A community essentially freezes the existing taxable value on a designated facility for up to 12 years. Additionally, the state treasurer may approve reductions of half of the school operating and state education taxes for a period not to exceed six years for 25 applications annually for rehabilitated facilities. By freezing the taxable value, it provides an incentive for the developer to make significant improvements to a building without increasing the property taxes on the building.

WHAT IS THE PROCESS?

Local government process to designate an Obsolete Property Rehabilitation District (OPRD)

1. The governing body of a qualified local unit of government, by resolution, may designate one or more OPRDs within that local governmental unit. The OPRD may consist of one or more parcels or tracts of land that is characterized by obsolete commercial or obsolete commercial housing property.
2. The qualified local unit of government may establish an OPRD on its own initiative or upon a written request by at least 50 percent of the owners of the property within the proposed OPRD.
3. Written notice of a public hearing is provided by certified mail to all owners of all real property within the proposed district.
4. The governing body holds a public hearing with a public
5. The governing body adopts a resolution establishing the district and the determination that it meets the requirements under the legislation.

Owner/developer process for obtaining an OPRA certificate

1. An owner of an obsolete property within the district files an application for an OPRA certificate with the clerk of the local government that includes the details of the project.
2. Once a completed application is received, the clerk must notify the assessor and each taxing unit that levies property taxes (e.g., county, community college, library, etc.).
3. The governing body holds a public hearing prior to acting on the resolution regarding the certificate.
4. Within 60 days of receipt of application, the local unit of government shall by resolution approve or disapprove the application for the certification for up to 12 years. The public hearings for the district and the exemption certificate may be held on the same day, but with individual public hearings.
5. Once approved locally, the application and resolution must be sent to the State Tax Commission (STC). The STC has 60 days to approve or disapprove the request. To apply for the abatement of school millage, the developer must make note of this on the application form. The STC is responsible for final approval and issuance of all OPRA certificates.

WHY WOULD A COMMUNITY WANT TO OFFER AN OBSOLETE PROPERTY TAX REHABILITATION TAX ABATEMENT?

The OPRA incentive is used to encourage the redevelopment of blighted buildings. In many cases, this could be an abandoned, multi-story industrial building that is now more suited for commercial or residential rental units. To the developer, the advantage is savings on property taxes. The tax incentives essentially freeze the local property taxes for up to 12 years, exempting from local property tax all real property improvements. In addition, the state treasurer has the ability to exempt one-half of the school millage for up to six years on 25 projects per year.

SUPPORTING STATUTE

[PA 146 of 2000: Obsolete Property Rehabilitation Act](#)

CONTACT INFORMATION

For more information, contact the [Community Assistance Team \(CAT\) specialist](#) assigned to your territory or visit www.miplace.org.

COMMERCIAL REHABILITATION ACT

[Public Act 210 of 2005](#), as amended, encourages the rehabilitation of commercial property by abating the property taxes generated from new investment for a period up to 10 years. As defined, commercial property is a qualified facility that includes a building or group of contiguous buildings of commercial property that is 15 years or older, of which the primary purpose is the operation of a commercial business enterprise or multifamily residential use. A qualified facility may also include vacant property or other commercial property which, within the immediately preceding 15 years, was commercial property. Types of commercial business enterprises include office, engineering, research and development, warehousing, parts distribution, retail sales, and other commercial activities. Multi-family residential is housing that consists of five or more units. Commercial properties allocated new market tax credits are also considered a qualified facility.

Qualified retail food establishments are considered a qualified facility for purposes of granting the tax abatement. These establishments include a retail supermarket, grocery store, produce market, or delicatessen that offer unprocessed USDA-inspected meat and poultry products or meat products that carry the USDA organic seal, fresh fruits and vegetables, and dairy products for sale to the public. The qualified retail food establishment must be located in a “core community” as defined in the Obsolete Property Rehabilitation Act (PA 146 of 2000) or in an area designated as rural as defined by the United States Census Bureau and is located in an underserved area.

Commercial property does not include property that is to be used as a professional sports stadium or a casino. Land and personal property are not eligible for abatement under this act.

Note: This document is offered as a general guide only and the legislation should be reviewed by local officials.

WHO IS ELIGIBLE?

“Qualified local government units” mean any city, village or township.

WHAT IS REHABILITATION?

Rehabilitation is defined as changes to qualified facilities that are required to restore or modify the property, together with all appurtenances, to an economically efficient condition. The new investment in the rehabbed property must result in improvements aggregating to more than 10 percent of

the true cash value of the property at commencement of the rehabilitation of the qualified facility. Rehabilitation includes the following: improvement of floor loads, correction of deficient or excessive height, new or improved fixed building equipment including heating, ventilation, and lighting, reducing multistory facilities to one or two stories, improved structural support including foundations, improved roof structure and cover, floor replacement, improved wall placement, improved exterior and interior appearance of buildings, and other physical changes required to restore or change the property to an economically efficient condition.

Rehabilitation also includes new construction on vacant property from which a previous structure has been demolished and if the new construction is an economic benefit to the local community as determined by the qualified local governmental unit.

Rehabilitation for a qualified retail food establishment also includes new construction.

WHAT IS THE PROCESS?

Before the Commercial Rehabilitation Exemption Certificate (i.e., property tax abatement) can be granted to the commercial property owner, the city, village or township by resolution of its legislative body, must establish a Commercial Rehabilitation District. The establishment of the district may be initiated by the local government unit or by owners of property comprising 50 percent of all taxable value of the property in the proposed district. The district must be at least three acres in size unless it is located in a downtown or business area or contains a qualified retail food establishment.

The city, village or township must hold a hearing to establish a Commercial Rehabilitation District. Notification of the hearing must be given to the county board of commissioners and all real property owners in the proposed district.

After the hearing is held and the local unit of government determines the district meets the requirements of the act, a copy of the resolution adopting the district shall be provided to the county where the district is established. Within 28 days, the county may accept or reject the establishment of the district. In a county with a county executive, the executive can write a letter rejecting the establishment of the district. In all other counties, the county board of commissioners can pass a resolution rejecting the establishment of the district.

Once the district is established, the property owners may file an application with the local clerk for a commercial rehabilitation exemption certificate. Applications are available from the Michigan Department of Treasury. The local clerk shall provide written notification to the assessor of the local unit of government and each taxing jurisdiction that levies ad valorem property taxes of the application hearing. The city, village or township has 60 days after receipt of the application to either approve or disapprove the application. If denied, a reason must be given in the resolution. The assessor and applicant shall be sent a copy of the unapproved resolution by certified mail. If approved, the application and resolution must be sent to the State Tax Commission, which will certify or deny the application within 60 days. A resolution is not effective unless approved by the State Tax Commission.

COMMERCIAL REHABILITATION EXEMPTION CERTIFICATE

Upon approval by the State Tax Commission, a commercial rehabilitation certificate is issued. The property owner must pay a Commercial Rehabilitation Tax rather than the normal property tax. The certificate must be issued for a period of at least one year, but cannot exceed 10 years. Certificates initially issued for less than 10 years may be extended, but shall not exceed 10 years. The criteria for extensions must be included in the resolution approving the abatement.

The Commercial Rehabilitation Tax freezes the taxable value of the building and exempts the new investment from local taxes. The school operating tax and the State Education Tax (SET) are still levied on the new investment. Land and personal property cannot be abated under this act.

DISCUSSION

In addition to the Commercial Rehabilitation Act (PA 210 of 2005), several other property tax abatements are available for the rehabilitation of commercial property in Michigan, including the Commercial Redevelopment Act (PA 255 of 1978) and the Obsolete Property Rehabilitation Act (PA 146 of 2000). Each act has unique eligibility requirements, processes, and lengths and terms of the abatement. Please refer to the Michigan Economic Development Corporation (MEDC) fact sheet for more information on each program and consult the authorizing statute to determine the best fit for your project needs.

SUPPORTING STATUTE

[*Public Act 210 of 2005: Commercial Rehabilitation Act*](#)

CONTACT INFORMATION

For more information on the Commercial Rehabilitation Act, contact the [Community Assistance Team \(CAT\) specialist](#) assigned to your territory or visit www.miplace.org.



301 W. MAIN • OWOSSO, MICHIGAN 48867-2958 • (989) 725-0599 • FAX (989) 723-8854

APPLICATION FOR TAX ABATEMENT

Applicant (Official Company Name) _____

Business Name (If Different) _____

Address of Proposed Project _____

Mailing Address (If Different) _____

Do you own the property? _____ If no, what is your relationship? _____

Type of Abatement Requested (if known) _____

Total square footage of all current buildings on site _____

Description of proposed project including type of current business activity and product to be manufactured (if applicable), size of proposed structure and proposed activity and/or product.

Give estimated cost of the following components applicable for the proposed project:

Land improvements (excluding land): _____

Building improvements: Size _____ sf \$ _____

Machinery & Equipment: _____

Furniture & Fixtures: _____

Time schedule for start and completion of construction and equipment installation (if applicable):

Building:

Start Date _____

Completion Date _____

Equipment installation (if applicable):

Start Date _____

Completion Date _____

Abatement Application

Page 2

Will project be owned or leased by applicant? _____

Will machinery be owned or leased by applicant? _____

How many employees do you currently employ? Full Time _____ Part Time _____

How many new employees do you estimate after project complete? Full Time _____
Part Time _____

When project is complete, how many will be:

Management/Professional _____ Wage level \$ _____

Skilled _____ Wage level \$ _____

Semi-Skilled _____ Wage level \$ _____

Un-Skilled _____ Wage level \$ _____

How many current employees live within the city limits of the City of Owosso? _____

Date your business located within the City of Owosso. _____

Name of Company Officer (contact person) _____

Title _____

Signature _____ Date _____

Phone Number _____

For City Staff Use Only

Was the applicant given a copy of Tax Abatement Policy? Y N

Is an abatement district in place for this project? Y N

If no, legal description of proposed district. _____

If yes, type of district in place _____ **Year established** _____

Does the proposed project meet the guidelines for Tax Abatement under the policy? Y N

If no, explain _____

If yes, was notice given to taxing jurisdictions within the proposed project area? Y N

If yes, was notice given to applicant and proper state documents sent? Y N

Name of reviewer _____

Signature _____ Date _____

CITY OF OWOSSO

Tax Abatement Policy

Effective Date: June 7, 2010

Policy Statement: The city of Owosso is committed to enhancing the quality of life and stimulating the local economy through the attraction of high-quality development and the retention and creation of high-quality jobs. Tax abatement is one technique to encourage private development projects. Accordingly, consideration for tax abatement is viewed as a privilege, not as a property right. This policy establishes minimum requirements and a uniform set of standards and procedures to be used when considering a request for a tax abatement/exemption.

I. MINIMUM REQUIREMENTS FOR TAX ABATEMENTS

- A. Abatements shall be subject to duration and amount limits.
- B. Such duration and amount limits shall be for the minimum amount necessary to meet the goals of the project.
- C. Benefits to the city of the proposed abatement shall be:
 - 1. at least equal to or greater than the cost of the abatement; and
 - 2. in the public interest because it will accomplish at least one of the following purposes:
 - a. increase or preserve the tax base;
 - b. provide employment opportunities;
 - c. provide or help acquire or construct public facilities;
 - d. help redevelop or renew blighted areas;
 - e. help provide access to services for residents; or
 - f. finance or provide public infrastructure.
- D. The city of Owosso will not support tax abatement for proposals that are not economically feasible.
- E. All projects seeking tax abatement shall have job creation and retention.
- F. The taxable value of the proposed abatement, considered together with the aggregate taxable value of property exempt under certificates previously granted and in force shall not exceed five-percent of taxable value of the city of Owosso.

Example: 2010 city of Owosso taxable value - \$277,968,733
Five-percent of city of Owosso - \$13,898,437
- G. The city will not issue or be a signatory on bonds in connection with abatements.
- H. Commencement of any new construction or improvements shall be within the limits set forth within the applicable act abatement being applied for.

- I. The city council will not take action on any abatement unless the applicant is present at the public hearing to make a presentation and/or answer questions.
- J. The city of Owosso reserves the right to waive, modify, or amend any of these policies when it is in the best interest of the city of Owosso residents.

II. EVALUATION CRITERIA

- A. *Private Development Objectives.* The city of Owosso will consider using tax abatement to help private development projects that strive to achieve one or more of the following objectives:
 1. To retain local jobs and/or increase the number and diversity of high-quality jobs that offer attractive wages and benefits.
 2. To encourage additional unsubsidized private development in the city of Owosso, either directly or indirectly through spin-off development (without the use of tax abatement).
 3. To facilitate the development process and to achieve development of sites that would not be developed without tax abatement assistance.
 4. To remove blight and/or encourage redevelopment of commercial and industrial areas that result in high quality redevelopment, private investment, and an increase in the city tax base.
 5. To offset increased costs of redevelopment (i.e., a contaminated site clean-up) beyond the costs normally incurred in development.
 6. To provide infrastructure necessary to accommodate economic development.
 7. To meet other public policy goals, as adopted by the city of Owosso.
- B. *Additional Objectives.* The city of Owosso will also consider the following factors when evaluating tax abatement requests to help private development projects:
 1. To support local businesses, extra consideration will be given to existing businesses seeking to expand and grow within the city.
 2. The extent to which the proposed project creates high-quality jobs in the city, paying wages equal to or greater than the average local wage of the same class.
 3. The extent to which the proposed project adds to the net commercial, industrial or general tax base of the city and optimizes the private development of the proposed site.
 4. Whether or not the proposed project provides services not already provided in the city or services which are needed.
 5. Whether or not the proposed business would be in direct competition with existing businesses in the city. Abatements should not be given to businesses which would receive a competitive advantage over existing businesses in the city.
 6. Whether or not the project will significantly impact environmental/natural resources.
 7. The extent to which other political subdivisions are in support of the project.
 8. The extent to which the project represents new dollars into the city.
 9. The extent to which the project requires improvements in city infrastructure, road construction, or other traffic problems. Also to be considered is the impact of the proposal on other city services such as law enforcement, human services, or prosecutions.
 10. Consistency of the proposed project with city land use regulations, zoning and planning policies.
 11. How the proposed project furthers the goals and objectives of the city and/or community.
 12. The level of private financial investment into the project.

III. APPLICATION

- A. The applicant shall submit an application (available from the city) for all projects for which a tax abatement is sought from the city of Owosso.
- B. Applications shall include:
 - 1. A letter formally requesting tax abatement from city of Owosso;
 - 2. Completed application for tax abatement with all support materials attached;
 - 3. The applicant will pay for any contracted legal, financial, consultant or other third party costs not to exceed statutory limits of the applicable act.
 - 4. Official forms developed by the state of Michigan, if applicable, shall also be submitted in a timely manner per procedures set forth within the applicable abatement/exemption act under which the application is made.
- C. The applicant shall submit completed applications to the city clerk.

IV. APPROVAL PROCESS

- A. The city clerk shall notify, by certified mail, each taxing jurisdiction of a request to establish an abatement district or an application for the abatement. Said taxing jurisdiction shall have 15 days from the date of receipt of said notification to respond in writing of their thoughts and considerations. These taxing jurisdictions shall have no voting or veto authority.
- B. The city clerk shall notify applicant by certified mail if the application is found consistent with this policy. Procedures set forth within the abatement/exemption act shall be followed.
- C. The length of the exemption shall be determined by the attached abatement schedule.
- D. The approval for the abatement district and approval of an application for abatement shall not be addressed at the same meeting.

V. DEVELOPMENT AGREEMENT AND ANNUAL REPORTING REQUIREMENTS

- A. *Development Agreement.* All projects granted tax abatement will be required to enter a development agreement. The development agreement will be recorded against the property, will clearly define the responsibilities of the property owner(s) receiving the abatement, and will require annual reporting.
- B. *Annual Reporting Requirements.* All projects granted tax abatement shall submit an annual status report on the form developed and provided by the city of Owosso. The requirement makes all abatements granted consistent with State Tax Commission Administrative Rule 55 (3), as it pertains to Public Act 198 of 1974, as amended. The report will include, but not limited to status of employment, wage level, real property project progress and costs, personal property project progress and costs (if applicable), aesthetic enhancement progress and costs as part of the project, other improvements and costs not listed within the scope of the project.

VI. RESCISSION OF ABATEMENT/EXEMPTION

- A. Imposition of any rescission is at the sole discretion of the city of Owosso and shall be considered on a case-by-case basis in compliance within the applicable act under review.

- B. Rescission shall not violate the statutory requirements of the applicable act in any way. Consideration may include but are not limited to the:
 - 1. sale or closure of the facility and departure of the company from the jurisdiction unless abatement/exemption is transferable.
 - 2. significant change in the use of the facility and /or the business activities of the company not consistent with the requirement of the applicable act for which approved.
 - 3. significant employment reductions not reflective of the company's (normal) business cycle and/or local and national economic condition.
 - 4. failure to achieve the minimum number of net new jobs and wage level as specified in the abatement/exemption application.
 - 5. failure to complete the project in a timely manner as specified in the approval resolution.
 - 6. failure to comply with annual reporting requirements.
 - 7. failure to pay annual property taxes on real and personal property not exempt under the approved abatement/exemption.
 - 8. failure to cooperate with the city of Owosso ordinances and policies.

Abatement Schedule

This schedule applies to Industrial or Commercial Property as defined in 211.34c of the General Property Tax Act

<p>1. Capital investment \$Up to \$100,000 \$100,001 to \$250,000 \$250,001 to \$500,000 \$500,001 to \$1,000,000 \$1,000,001 to \$2,500,000 \$2,500,001 to \$5,000,000 \$5,000,001 and up</p>	<p>Years of tax abatement 1 2 3 4 5 6 7</p>	<p>Rehabilitated/restored additional two years in any capital investment</p>
<p>2. Job creation <u>as Full Time Equivalent (40hrs.per week)</u> 1-10 11-25 26-50 51 and up</p>	<p>Years of tax abatement 2 3 4 5</p>	
<p>3. Job wages Average wage > 1.5x minimum wage Average wage > 2x minimum wage Average wage > 3x minimum wage</p>	<p>Years of tax abatement 2 4 6</p>	
<p>4. Number of years located in city of Owosso 2-10 11-15 16 and up</p>	<p>Years of tax abatement 1 2 3</p>	
<p>5. Employees with city of Owosso residency 1-10 11-25 26+</p>	<p>Years of tax abatement 1 2 3</p>	

Note: Total number of tax abatement years shall not exceed statutory limits.

Current abatements being used or available

PA 198 – 1974 – Industrial Facilities Tax

Eligible industries: manufacturing, research and development, high-tech, and communications centers.
Maximum eligible award – 50% abatement for up to 12 years on new real and personal property investments.

PA 255 – 1978 Reinstated 2009 – Commercial Redevelopment Tax

Eligible industries: obsolete and declining property, zoned for commercial/industrial prior to June 21, 1975
Maximum eligible award – 50% abatement for up to 12 years on replacement or new real property. Zero taxes levied on value of restored real property investment for up to 12 years.

PA 210 – 2005 – Commercial Rehabilitation Tax

Eligible industries: multifamily housing or group of contiguous commercial property 15 years old or older covering at least three acres or located in a downtown district.
Maximum eligible award – Zero taxes levied on value of restored real property investment for up to 10 years.

PA 328 – 1998 – Personal Property Exemption

Eligible industries: manufacturing, mining, research and development, wholesale trade and office operations.
Maximum eligible award – 100% abatement for an indeterminate number of years on new personal property investment.

PA 146 – 2000 – Obsolete Property Rehabilitation

Eligible industries: any project that takes place on an obsolete property and results in a commercial or mixed-use building project.
Maximum eligible award – freezes existing taxable value on a designated facility for up to 12 years.

Owosso Brownfield Redevelopment Authority – Established in 2000

Eligible industries: obsolete or deficient contaminated properties.
Maximum eligible award – recapture reimbursement on investment.

CITY OF OWOSSO - GASB 77 DISCLOSURE Year Ending 6/30/19							Abated Taxes City Operating	Abated Taxes City Debt	Abated Taxes Total	City of Owosso Operating 1/2 Millage Rate of 14.007	City of Owosso Debt 1/2 Millage Rate of 1.97
CERTIFICATE NUMBER	FACILITY NAME	PARCEL NUMBER	PROPERTY TYPE	YEAR BEGAN	EXPIRATION DATE	2018 TAXABLE VALUE					
INDUSTRIAL FACILITY REPORT											
2014-279	Tri-Mer Corporation	050-010-008-001-20	REAL	2014	2026	\$499,700	\$3,499.65	\$492.20	\$3,991.85	7.0035	0.985
2017-093	Tri-Mer Corporation	050-010-008-001-21	REAL	2017	2030	\$474,400	\$3,322.46	\$467.28	\$3,789.74		
2011-493	Ruess Winchester, Inc	050-010-008-002-20	REAL	2011	2024	\$303,400	\$2,124.86	\$298.85	\$2,423.71		
2013-067	Ruess Winchester, Inc	050-010-008-002-21	REAL	2013	2026	\$209,700	\$1,468.63	\$206.55	\$1,675.19		
2017-092	Ruess Winchester, Inc	050-010-008-002-22	REAL	2017	2030	\$741,700	\$5,194.50	\$730.57	\$5,925.07		
2010-205	Covenant Eyes, LLC	050-537-000-049-20	REAL	2010	2023	\$159,900	\$1,119.86	\$157.50	\$1,277.36		
2012-512	Machine Tool & Gear, Inc	050-546-000-017-20	REAL	2012	2025	\$51,200	\$358.58	\$50.43	\$409.01		
2010-412	R.G.S., LLC (TIAL Products)	050-660-026-002-22	REAL	2010	2023	\$117,600	\$823.61	\$115.84	\$939.45		
2012-001	Midwest Bus Corporation	050-920-550-107-00	PERSONAL	2012	2025	\$18,550	\$129.91	\$18.27	\$148.19		
2008-274A	Machine Tool & Gear, Inc	050-920-550-401-08	PERSONAL	2008	2021	\$0	\$0.00	\$0.00	\$0.00		
2009-271A	Machine Tool & Gear, Inc	050-920-550-401-09	PERSONAL	2009	2022	\$383,500	\$2,685.84	\$377.75	\$3,063.59		
2010-379A	Machine Tool & Gear, Inc	050-920-550-401-10	PERSONAL	2010	2023	\$106,050	\$742.72	\$104.46	\$847.18		
2011-192	Machine Tool & Gear, Inc	050-920-550-401-11	PERSONAL	2011	2024	\$106,450	\$745.52	\$104.85	\$850.38		
2011-386	Machine Tool & Gear, Inc	050-920-550-401-12	PERSONAL	2011	2024	\$242,000	\$1,694.85	\$238.37	\$1,933.22		
2012-512	Machine Tool & Gear, Inc	050-920-550-401-13	PERSONAL	2012	2025	\$356,000	\$2,493.25	\$350.66	\$2,843.91		
2014-046	Machine Tool & Gear, Inc	050-920-550-401-14	PERSONAL	2014	2026	\$0	\$0.00	\$0.00	\$0.00		
2014-445	Machine Tool & Gear, Inc	050-920-550-401-15	PERSONAL	2014	2027	\$0	\$0.00	\$0.00	\$0.00		
2011-493	Ruess Winchester, Inc	050-920-550-705-00	PERSONAL	2011	2024	\$118,150	\$827.46	\$116.38	\$943.84		
2017-092	Ruess Winchester, Inc	050-920-550-705-17	PERSONAL	2017	2030	\$0	\$0.00	\$0.00	\$0.00		
2014-279	Tri-Mer Corporation	050-920-550-745-00	PERSONAL	2014	2027	\$0	\$0.00	\$0.00	\$0.00		
2017-093	Tri-Mer Corporation	050-920-550-745-17	PERSONAL	2017	2030	\$0	\$0.00	\$0.00	\$0.00		
						\$3,888,300	\$27,232	\$3,830	\$31,062		
INDUSTRIAL FACILITY REPORT -- Frozen Value-Full Millage Rate											
2012-001	M & S Properties, LLC	050-480-000-008-20	REAL	2012	2025	\$78,900	NO LOSS	NO LOSS	NO LOSS		
2016-123	Owosso REI Group, LLC	050-470-024-001-20	REAL	2016	2029	\$3,688	NO LOSS	NO LOSS	NO LOSS		
2016-123	Owosso REI Group, LLC		PERSONAL	2016	2029	\$0	NO LOSS	NO LOSS	NO LOSS		
						\$82,588	\$0	\$0	\$0		
NEZ .75 Full Millage Rate											
	Station Properties, LLC	050-760-000-052-55	REAL		2019	\$15,553	\$54.46		\$54.46	3.5018	
	Station Properties, LLC	050-760-000-053-55	REAL		2019	\$18,097	\$63.37		\$63.37		
	Station Properties, LLC	050-760-000-054-55	REAL		2019	\$21,193	\$74.21		\$74.21		
	Station Properties, LLC	050-760-000-055-55	REAL		2019	\$19,878	\$69.61		\$69.61		
	Station Properties, LLC	050-760-000-056-55	REAL		2019	\$20,538	\$71.92		\$71.92		
	Station Properties, LLC	050-760-000-057-55	REAL		2019	\$23,695	\$82.98		\$82.98		
	Station Properties, LLC	050-760-000-058-55	REAL		2019	\$19,878	\$69.61		\$69.61		
	Station Properties, LLC	050-760-000-059-55	REAL		2019	\$19,628	\$68.73		\$68.73		
	Station Properties, LLC	050-760-000-060-55	REAL		2019	\$19,878	\$69.61		\$69.61		
	Station Properties, LLC	050-760-000-061-55	REAL		2019	\$20,742	\$72.63		\$72.63		
	Station Properties, LLC	050-760-000-062-55	REAL		2019	\$21,301	\$74.59		\$74.59		
	Station Properties, LLC	050-760-000-063-55	REAL		2019	\$22,268	\$77.98		\$77.98		
	Station Properties, LLC	050-760-000-064-55	REAL		2019	\$16,983	\$59.47		\$59.47		
	Station Properties, LLC	050-760-000-065-55	REAL		2019	\$19,628	\$68.73		\$68.73		
	Station Properties, LLC	050-760-000-066-55	REAL		2019	\$23,031	\$80.65		\$80.65		
	Station Properties, LLC	050-760-000-067-55	REAL		2019	\$19,878	\$69.61		\$69.61		
	Station Properties, LLC	050-760-000-068-55	REAL		2019	\$20,538	\$71.92		\$71.92		
	Station Properties, LLC	050-760-000-069-55	REAL		2019	\$23,695	\$82.98		\$82.98		
	Station Properties, LLC	050-760-000-070-55	REAL		2019	\$19,878	\$69.61		\$69.61		
	Station Properties, LLC	050-760-000-071-55	REAL		2019	\$19,628	\$68.73		\$68.73		
	Station Properties, LLC	050-760-000-072-55	REAL		2019	\$19,878	\$69.61		\$69.61		
	Station Properties, LLC	050-760-000-073-55	REAL		2019	\$20,742	\$72.63		\$72.63		
	Station Properties, LLC	050-760-000-074-55	REAL		2019	\$21,301	\$74.59		\$74.59		
	Station Properties, LLC	050-760-000-075-55	REAL		2019	\$22,268	\$77.98		\$77.98		
	Station Properties, LLC	050-760-000-076-55	REAL		2019	\$16,983	\$59.47		\$59.47		
	Station Properties, LLC	050-760-000-077-55	REAL		2019	\$19,628	\$68.73		\$68.73		
	Station Properties, LLC	050-760-000-078-55	REAL		2019	\$23,031	\$80.65		\$80.65		
	Station Properties, LLC	050-760-000-079-55	REAL		2019	\$19,878	\$69.61		\$69.61		
	Station Properties, LLC	050-760-000-080-55	REAL		2019	\$20,538	\$71.92		\$71.92		
	Station Properties, LLC	050-760-000-081-55	REAL		2019	\$23,695	\$82.98		\$82.98		
	Station Properties, LLC	050-760-000-082-55	REAL		2019	\$19,878	\$69.61		\$69.61		
	Station Properties, LLC	050-760-000-083-55	REAL		2019	\$19,628	\$68.73		\$68.73		
	Station Properties, LLC	050-760-000-084-55	REAL		2019	\$19,878	\$69.61		\$69.61		
	Station Properties, LLC	050-760-000-085-55	REAL		2019	\$20,742	\$72.63		\$72.63		
	Station Properties, LLC	050-760-000-086-55	REAL		2019	\$21,301	\$74.59		\$74.59		
	Station Properties, LLC	050-760-000-087-55	REAL		2019	\$22,268	\$77.98		\$77.98		
						\$737,545	\$2,583	\$0	\$2,583		
OPRA FROZEN Millage Rate											
3-16-0011	Owosso REI Group, LLC	050-470-024-001-50	REAL	2016	2029	\$65,700	NO LOSS	NO LOSS	NO LOSS		
3-16-0026	DRHP, LLC	050-120-006-008-50	REAL	2016	2029	\$159,782	NO LOSS	NO LOSS	NO LOSS		
3-10-0022	Daystarr Development, LLC	050-470-013-013-50	REAL	2010	2023	\$32,850	NO LOSS	NO LOSS	NO LOSS		

2018 Brownfield and DDA Abatement

BROWNFIELD NUMBER/NAME	Number of Parcels	PROPERTY TYPE	YEAR BEGAN	EXPIRATION DATE	BASE TAXABLE VALUE	2018 TAXABLE VALUE	2018 CAPTURED TAXABLE VALUE	Abated Taxes City Operating	Abated Taxes County Operating	Abated Taxes SET	Abated Taxes Medical Care Facility	Abated Taxes Senior Citizen Services	Abated Taxes Veterans PA214	Abated Taxes Veterans Voted	Abated Taxes MSU Extension	Total Tax Abated RESD	Abated Taxes School Operating	Abated Taxes Library	Abated Taxes SATA	Total Abated Taxes
#3A TIAI	6	real and personal	2007	2026	481,569	624,391	520,281	6,464	2,557	3,122	921	198	46	92	35	2,061	8,307	573	154	24,530
#9 Robbins	3	real and personal	2005	2025	162,412	221,070	58,658	822	325	352	117	25	6	12	4	262	950	73	20	2,967
#11 Capital Bowl	3	real and personal	2006	2021	257,773	444,483	192,027	209	83	-	30	6	1	3	1	858	-	19	5	1,214
#12 Woodard	131	real and personal	2006	2036	153,400	2,267,020	2,113,620	27,082	10,712	12,681	3,856	831	193	385	146	9,441	36,077	2,401	644	104,447
#15 Armory	2	real	2014	2026	49,500	249,221	240,500	3,369	1,332	1,443	480	103	24	48	18	1,074	4,329	299	80	12,600
#16 QDOBA	1	real	2016	2028	184,000	347,300	163,300	2,287	905	980	326	70	16	33	12	729	2,939	203	54	8,555
#17 Cargill	2	real	2017	2030	750,000	2,869,295	2,127,947	29,806	11,790	12,768	4,245	915	213	424	161	9,505	38,303	2,644	709	111,483
Brownfield Totals					2,038,654	7,022,780	5,416,333	70,038	27,703	31,345	9,974	2,150	499	996	378	23,930	90,905	6,211	1,666	265,796
Grand Total					2,038,654	7,022,780	5,416,333	70,038	27,703	31,345	9,974	2,150	499	996	378	23,930	90,905	6,211	1,666	265,796
						per 2018 L4029 Taxable Value:	\$252,688,608													
							2.143%													
Memo:								Reduction Taxes City Operating	Reduction Taxes County Operating	Reduction Taxes SET	Reduction Taxes Medical Care Facility	Reduction Taxes Senior Citizen Services	Reduction Taxes Veterans PA214	Reduction Taxes Veterans Voted	Reduction Taxes MSU Extension	Total Tax Reduction RESD	Reduction Taxes School Operating	Reduction Taxes Library	Reduction Taxes SATA	Total Reduction to Taxes -- DDA
DDA	581	real and personal			9,024,475	17,761,596	8,737,121	112,444	44,476	-	16,012	3,450	801	1,599	605	-	-	9,971	2,673	192,032