

DeWitt Charter Township Commercial Rehabilitation Tax Abatement Policy

November 9th, 2009

I. General Purpose

Public Act 210 of 2005, the Commercial Rehabilitation Tax Abatement Act, was adopted by the State of Michigan as a means of providing a stimulus in the form of tax incentives for the rehabilitation of commercial property for the purpose of creating new jobs and maintaining existing jobs.

The Commercial Rehabilitation Tax Abatement Act offers the owners of certain rehabilitated commercial facilities located in designated districts property tax abatement for a period of 1 to 10 years as determined by the local unit of government.

Commercial property means qualified facilities that are 15 years or older such as commercial business enterprises, multifamily residential structures of 5 units or more, offices, professional engineering uses, research and development, warehousing, parts distribution, retail sales, and other commercial activities.

Rehabilitation means changes to a commercial property that are required to restore or modify to an economically efficient condition such as improvement of floor loads, correction of excessive or deficient structural height, new or improved fixed building equipment (heating, lighting, and ventilation), improved structural support including foundations, improved roof structure and cover, floor replacement, improved wall placement, improved exterior and interior appearance, as well as other physical changes.

DeWitt Charter Township, in October 2008, established a Commercial Rehabilitation District which had been previously defined as the Core Redevelopment Area within the South Central Area Plan. By offering commercial tax abatement within this target area, and potentially making it available in future districts, the Township hopes to encourage economic development in target geographic areas which are in need of commercial reinvestment.

Public Act 210 of 2005, the Commercial Rehabilitation Tax Abatement Act, is attached to this document for review.

II. Goals and Objectives

The primary goals of DeWitt Charter Township with regard to PA 210 of 2005, the Commercial Rehabilitation Tax Abatement Act, are to provide an atmosphere which will encourage rehabilitation of commercial buildings in select target areas. The Township will evaluate applications for commercial tax abatement under PA 210 in view of the following goals and objectives:

1. The proposed rehabilitation project will expand the Township's commercial tax base and represents a significant reinvestment in the commercial structure.

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2. The proposed rehabilitation project will provide a beneficial public purpose through the retention of existing commercial jobs and/or the creation of new commercial jobs within the community.
3. The proposed rehabilitation project will implement the Township's Comprehensive Development Plan objectives including the South Central Area Plan.
4. The proposed rehabilitation project will provide economic stimulus to other private sector investment within the target area.
5. The proposed rehabilitation project will encourage and implement innovative energy and environmental design techniques.

III. Economic Development Committee

An Economic Development Committee has been established to assist in evaluating all tax abatement applications for the impact the proposed project will have on the Township's economic base and to recommend to the Township Board the specific number of years for which the abatement should be granted (maximum ten years).

The Economic Development Committee shall consist of either the Chairperson or Vice-Chairperson of the Planning Commission, a Township Board member appointed by the Township Supervisor and approved by the Township Board, the Township Manager, and a resident of the Township representing the business community who shall also be appointed by the Township Supervisor and approved by the Township Board. All members of the Committee shall be subject to the Township Ethics Policy to avoid any conflict of interest when reviewing or making recommendations on potential applications.

If the criteria listed under the Applicant Guidelines are met, and a Commercial Rehabilitation District has been previously established, the Economic Development Committee will consider the application and recommend to the Township Board if an exemption certificate should be granted and the term of that abatement. If a Commercial Rehabilitation District has not been established, the Economic Development Committee shall make a recommendation to the Township Board on the advantages and/or disadvantages of establishing such a district based on the Goals and Objectives outlined in Part II of this policy.

Real property may be granted an abatement not to exceed ten years. The length of the abatement shall be based on the results of the evaluation and scoring system described in Appendix A and the general principles of this policy.

The Township Board reserves the right to reject any and all applications or to increase abatements beyond that recommended by the Committee if compelling circumstances arise beyond the scope of a typical tax abatement application. Final approval of the Commercial Rehabilitation Exemption Certificate is granted by the State of Michigan Tax Commission.

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IV. Applicant Guidelines

The applicant shall comply with the following criteria at the time of application for commercial rehabilitation tax abatement district or after approval of a commercial rehabilitation exemption certificate:

1. The applicant has filed a complete application document which meets the requirements of PA Act 210, meets all current financial obligations to the Township, is in compliance with all applicable federal, state, and Township codes, and has no pending litigation against the Township, including appeals to the Michigan Tax Tribunal.
2. The value of the eligible commercial rehabilitation project is \$50,000 or more. This rehabilitation amount may be estimated at the time of application, but must be verified at the time the value of all Township building permits have been calculated.
3. The applicant is willing to execute an Abatement Agreement with the Township which shall, at a minimum, include the following:
 - a. That the exemption certificate may be revoked or reduced if the applicant has not substantially complied with the conditions of the abatement with respect to the items described in the application and within the time frame provided.
 - b. In the event that the applicant ceases operation, so that it is no longer employing people and producing goods and no successor employer is providing employment during the term of the abatement then, if less than two years has transpired since the approval of the exemption certificate from the State Tax Commission, 100% of the tax abatement from the local unit shall be repaid by the applicant; if between two and four years have transpired since approval of the exemption certificate by the State Tax Commission, 50% of the tax abatement from the local unit shall be repaid by the applicant; if more than four years have transpired since approval of the exemption certificate by the State Tax Commission, then no funds shall be repayable, however, the exemption certificate may be revoked for any remaining term.
4. The applicant agrees to provide Township staff with information on its project investment and number of employees as required by the Township during the term of the abatement.
5. The applicant states in writing that the rehabilitation of the qualified facility, excluding qualified retail food establishments through December 31, 2009, would not be undertaken without the applicant's receipt of the exemption certificate.

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V. Township Guidelines

1. If the completed application is not located within an established Commercial Rehabilitation District, the application shall be submitted to the Economic Development Committee for a recommendation to the Township Board on the potential of creating a district based on the Goals and Objectives of this policy. The establishment of a Commercial Rehabilitation District shall follow the requirements of PA 210 of 2005.
2. All completed applications for the approval of an exemption certificate or the transfer of an existing certificate located within an existing Commercial Rehabilitation District shall be submitted to the Economic Development Committee for review and recommendation to the Township Board.
3. A public hearing on an application for an exemption certificate will be scheduled and legal notices will be published by the Township Board as required by PA 210 of 2005. The applicant will be notified of the dates of the hearings by mail.
4. Final approval of a district and/or exemption certificate issuance shall be decided by the Township Board based on a recommendation from the Economic Development Committee. The Township Board will determine the abatement term length for all exemption certificates.
5. All exemption certificates granted by DeWitt Charter Township shall be subject to compliance reviews. If the Township has reason to believe that the applicant has not been, or is no longer in compliance with the provisions stated in the application it shall conduct a compliance review. A mandatory compliance review will be held at the mid-point of the tax abatement term.
6. The chief executive officer, or a duly authorized employee, of the company receiving the exemption certificate shall be required to annually file with the Township a notarized statement that the company is in compliance with their application and, if not, a statement of the company's intended actions to come into compliance. The statement shall be filed with the Township Clerk by December 31st of each year.

In the event the applicant has not substantially complied with the application, with respect to the items described in the application, and within the time frames provided in the application, the abatement previously approved may be revoked or the term reduced by the Township Board based on a recommendation from the Economic Development Committee.

7. The Township Board, based on a recommendation from the Economic Development Committee, may extend the term of the exemption certificate if the original approval was less than the maximum 10 year period. The review process for extension shall follow the requirements of PA 210 of 2005.

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A commercial rehabilitation exemption certificate may be transferred and assigned to a new owner by the Township Board based on a recommendation from the Economic Development Committee.

VI. Application Fees

The initial filing fee of \$200 includes processing both the Application for Establishment of a Commercial Rehabilitation District and exemption certificate application. This fee shall be due and payable upon filing of the initial application. If a District has already been established and a subsequent application is being filed for a tax abatement exemption certificate, a \$150 filing fee must accompany the application when filed.

Appendix A - Attached

Appendix A – APPLICATION REVIEW AND RANKING SYSTEM

The Township Economic Development Committee shall use the following evaluation and ranking system and the Commercial Rehabilitation Tax Abatement Policy to make recommendations to the Township Board regarding the issuance of a commercial rehabilitation exemption certificate and the term for such an abatement.

A. Application Review Criteria

Before ranking the exemption certificate application and determining the term for such an abatement, the Committee shall determine if the application complies with the following requirements as outlined in PA 210 of 2005.

1. The commencement of the rehabilitation did not occur earlier than 6 months before the filing of the commercial rehabilitation exemption certificate.
2. The proposed rehabilitation meets the definition of a qualified facility under PA 210 of 2005, and is located within a commercial rehabilitation district.
3. Completion of the proposed rehabilitation can be reasonably expected to increase commercial activity, create employment, retain employment, prevent a loss of employment, revitalize urban areas, or increase the number of residents within the area.
4. The applicant has provided a statement in writing that the proposed rehabilitation would not be undertaken without the approval of the exemption certificate.
5. The applicant is not delinquent in the payment of any taxes related to the qualified facility.

B. Application Ranking Criteria

If, in the opinion of the Economic Development Committee the application complies with Part A, the following criteria will be utilized to determine the term of the proposed commercial rehabilitation exemption certificate.

- | | | |
|--|-----------|-------|
| 1. South Central Area Commercial Rehabilitation District Core Area | 15 Points | _____ |
| South Central Area Plan Commercial Property (Non Core Area) | 10 Points | _____ |
| Non South Central Plan Area Location | 5 Points | _____ |
| 2. Job Retention | | |
| 1-5 jobs | 10 Points | _____ |
| 6-10 jobs | 15 Points | _____ |
| 11+ jobs | 20 Points | _____ |

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3. New Jobs Created

Five (5) points per new full time job created as a result of the commercial rehabilitation activity. No maximum limit on the total number of points for this category, since it is considered a major incentive for new full time job creation.

Full time jobs are defined as twenty-one (21) hours or more per week. New jobs in the less than twenty-one (21) hours per week range will be awarded 2.5 points per job.

New Job Points _____

4. Other Jobs

This category would apply to those projects in which jobs creation or retention are not readily quantifiable, such as speculative renovations.

Fifteen (15) points will be awarded in this category for the anticipated utilization and resulting benefits to the surrounding community. Points awarded under this category cannot be combined with criteria items #2 or #3 above.

15 Points _____

5. Project Value (eligible costs based on Policy)

\$50,000 - \$69,999	15 Points	_____
\$70,000 - \$99,999	25 Points	_____
\$100,000 - \$149,999	35 Points	_____
\$150,000+	45 Points	_____

6. Leadership In Energy and Environmental Design (LEEDS)

Basic Certified Level	5 Points	_____
Silver Level	15 Points	_____
Gold Level	25 Points	_____
Platinum Level	35 Points	_____

TOTAL POINTS _____

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C. Scoring System Total and Years of Proposed Abatement

- 25 to 29 Total Points: 2 Years
- 30 to 34 Total Points: 3 Years
- 35 to 49 Total Points: 4 Years
- 50 to 59 Total Points: 5 Years
- 60 to 69 Total Points: 6 Years
- 70 to 79 Total Points: 7 Years
- 80 to 89 Total Points: 8 Years
- 90 to 99 Total Points: 9 Years
- 100+ Total Points: 10 Years

D. Bonus Provisions at the Discretion of the Committee

Based on information submitted by the applicant at the time of the original application, the Committee may add an additional 1 or 2 years to the term of the abatement based on the relationship of the proposed rehabilitation project to the public policy initiatives identified below. At the discretion of the Committee, other public policy initiatives may be considered.

1. Project Has Significant Regional Economic Impact
2. Project Emphasizes Emerging Business and/or Technology
3. Project Offers Unique Environment Impact Other Than LEEDS
4. Other

TOTAL YEARS OF COMMERCIAL REHABILITATION TAX ABATEMENT AS
RECOMMENDED BY THE COMMITTEE: _____.

Tax Abatement Policy Adopted:

Economic Development Committee (11/17/08)
DeWitt Charter Township Board (11/24/08)

Tax Abatement Policy Amended:

Economic Development Committee (11/03/09)
DeWitt Charter Township Board (11/09/09)