

Adopted on: _____

Village of Lincoln, Michigan
TAX ABATEMENT ORDINANCE
for
Commercial and Industrial Facilities

INTRODUCTION

The Village of Lincoln has adopted the following tax abatement ordinance to support economic development within the Village. Please review the following documents to see if your project qualifies for an abatement. The information is organized as follows:

1. Goals and Objectives.
2. A map that shows the existing Commercial Redevelopment and Commercial Rehabilitation tax abatement district of the Village.
3. The Village of Lincoln tax abatement ordinance
4. The Village of Lincoln Tax Abatement Score Sheet
5. The Village of Lincoln Tax Exemption Certificate Review Process
6. Application Checklist
7. Industrial Tax Abatement Application Summary and Affidavit of Fees
8. Tax Abatement Agreement
9. State of MI Law: PA 198 of 1974, as amended, PA 255 of 1978 as amended, PA 146 of 2000, as amended, PA 210 of 2005 as amended.20

If you would like to discuss a possible abatement for your project, the Village Planning Commission meets the third Monday of each month, unless it has been rescheduled.

GOALS AND OBJECTIVES

The Village of Lincoln Council has set forth the following goals and objectives:

1. To expand the tax base of the Village of Lincoln.
2. To encourage development which will increase the economic vitality of the business districts of the Village.
3. To create and retain employment from existing facilities that might otherwise leave the Village.
4. To assist in the rehabilitation of older facilities and /or expansions of existing businesses.
5. To enhance the general attractiveness of the Community.

Insert Zoning Map of Village showing Commercial and Industrial development areas.



VILLAGE OF LINCOLN TAX ABATEMENT ORDINANCE

In order to stimulate and diversify the local economy, improve property values, promote the retention of existing jobs and creation of new jobs, the Village Council of the Village of Lincoln may consider granting commercial tax abatements.

In order for the Village Council to consider such abatements through PA 198 of 1974 (Plant Rehabilitation and Industrial Development Districts, PA 255 of 1978 (Commercial Redevelopment Act), PA 146 of 2000 (Obsolete Property Rehabilitation Act), or PA 210 of 2005 (Commercial Rehabilitation Act) as each may have been amended:

- 1) The proposed project must be included within a Plant Rehabilitation and Industrial Development District, Obsolete Property Rehabilitation District, or Commercial Rehabilitation District established in advance by the Village.
- 2) The proposed project must fall within the scope and provisions of PA 198 of 1974 (Plant Rehabilitation and Industrial Development Districts, PA 255 of 1978 (Commercial Redevelopment Act), PA 146 of 2000 (Obsolete Property Rehabilitation Act), or PA 210 of 2005 (Commercial Rehabilitation Act).
- 3) The proposed project must result in improvements aggregating to more than 10 percent of the true cash value of the property at commencement of the project.
- 4) The proposed project must result in a total new investment of at least \$100,000.
- 5) The proposed project must feature an investment in the building façade of at least \$40,000, with a highly noticeable improvement of that façade.
- 6) The proposed project must be consistent with the Village's goals, development priorities, master plan, and zoning codes, it must not create a hardship on public resources, including, but not limited to, parking, or result in a detriment to the local economy.
- 7) The proposed project must result in a commercial activity operating from the building immediately upon the conclusion of the project. The proposed project must be completed within 24 months.
- 8) Preliminary architectural documents including sketches, elevations, cost estimates and a timeline from start to finish must be provided with the abatement application and executed by the applicant. This timeline must also include the date when the entity will commence business operations. Application forms will be supplied by the Village.
- 9) The applicant must be willing to sign an agreement establishing terms through which the abatement certificate could be rescinded if aspects of the agreement are not met by the applicant.

- 10) The proposed project must be reviewed by the Village of Lincoln Planning Commission, which shall provide a report to the Village Council including the executed application, architectural documents and its recommendations.

Abatement terms will be granted to successful applicants based on the cumulative total of the following:

- 1) One year of abatement for every \$50,000 in total investment, plus
- 2) One year of abatement for every \$20,000 in façade investment, plus
- 3) One year of abatement for every (new) full-time equivalent job created, plus
- 4) One year if at least 25% of total materials and/or labor expense is provided by businesses located within the Village limits.
- 5) No abatement periods can exceed those allowed in the Act through which abatement is granted.

Nothing within this ordinance shall imply or suggest that the Village of Lincoln Council is under any obligation to provide tax abatements to any applicant, regardless of the extent to which an applicant is able to meet provisions contained herein.

Certificates for abatement under all the Acts referenced in this policy are granted by the State Tax Commission, which may deny such certificates even if approved by the Village Council.

Village of Lincoln Score Sheet
For the Application for Property Tax Abatement

One year per:

	TTL	Divided by	Years of abatement
Total dollar amount of investment		\$50,000.00	0.00
Total dollar amount of façade investment		\$20,000.00	0.00
Total number of new full-time jobs created			0.00
If 25% of total materials/labor expenses provided by businesses located within the Village of Lincoln, Company must provide receipts to validate claim.			0.00
			<u>0.00</u>
			0.00
			0.00
Total Years of Abatement Qualified for			<u>0.00</u>

Note: No abatements can exceed those allowed in the applicable State of Michigan Act through which the abatement is granted. Nothing on this score sheet shall imply or suggest that the Village of Lincoln is under any obligation to provide tax abatements, regardless of the extent to which an applicant is able to meet the provisions contained herein.

Certificates for abatement under all the Acts referenced in this policy are granted by the State Tax Commission, which may deny such certificates even if approved by the Village Council.

THE VILLAGE OF LINCOLN TAX EXEMPTION CERTIFICATION REVIEW PROCESS

1. Applicant submits a completed application form as prescribed by the State Tax Commission. Items required include a general description of the facility and its proposed use, the general nature and extent of the proposed restoration, replacement or construction, a descriptive list of equipment that will be part of the facility and a timeline for the project.
2. Village personnel will verify that the property in question is located in a previously Industrial Development District (IDD), Commercial Rehabilitation District (CHD), Commercial Redevelopment District (CRD), Downtown Development District (DDD). If the above said district has not already been established, the applicant must first request the Village establish a district as required by law.
 - a. If a request is made to create a *District*, the Village Council will give written notice by certified mail to the owners of all real property within the proposed *District* and shall hold a public hearing on the establishment of the *District* at which those owners and other residents or taxpayer of the local governmental unit shall have a right to appear and be heard.
 - b. In considering the request to determine if property comprising not less than 50% of the state equalized valuation of the property within the *District* is obsolete, which is required to order to establish such *District*.
 - c. The Village Council will adopt a resolution establishing the *District* and acknowledging the determination mentioned in step 2-b.
3. The Village personnel will send a copy of the Tax Exemption application to the Village Attorney for review and verification. A copy is also sent to the Village Assessor for their files.
4. If approved by the attorney, the item will be placed on the next available Village Council agenda for consideration of the application. The Village Council will set a public hearing date.
5. The item is placed on the next available Village Council agenda for a public hearing. Notice of the hearing shall be sent by regular mail to the Village Assessor and the legislative body of each taxing unit within the *District* that collects ad valorem taxes. The applicant must be present at the public hearing.
6. The Village Clerk drafts a Resolution and Abatement Agreement, according to State requirements, for consideration by the Council to either approve or disapprove the application.
7. The Council holds the public hearing and takes action on the request. The Council shall, by resolution, state its decision to either approve or disapprove the application. If denied, the reason shall be set forth in writing in the resolution. If approved, the Council

shall set the number of years for which the *District* will be valid, and they will instruct the clerk to sign the resolution.

8. The Village and the operator of the facility will execute an agreement outlining the conditions and recourses to be upheld during the abatement period.
9. If necessary, Forms T-1044A and /or T-1044, as created by the State of Michigan Tax Commission, shall be completed. These are necessary if the abated SEV (State Equalized Value) exceeds 5% of the Village's total SEV.
10. If the applicant is approved, the clerk shall forward the application, resolution and other necessary information to the State of Michigan Tax Commission.
11. After review by the State of Michigan Tax Commission, they will send the appropriate Tax Exemption Certificate, or notice that the application was denied, to the Village by certified mail.
12. A copy of the Tax Exemption Certificate shall be kept for the file, and another sent to the Assessor's Office for implementation.
13. In accordance with Michigan law, tax abatements cannot extend beyond twelve (12) years.

APPLICATION CHECKLIST

To be submitted by the applicant:

- Original, signed P.A. 198 application (Michigan Department of Treasury Form 1012).
- Site drawing of the proposed facility (not necessary for personal property only)
- Legal description of the property (copy of deed or proof of ownership or purchase agreement)
- List of new equipment to be purchased, if any – this should be a certified statement/affidavit from contractor. (The Village will assume that the beginning date for the operation of the new equipment, will be the date of completion of the project, unless otherwise indicated in writing.)
- List of existing equipment- Two (s) signed original standard tax abatement agreement with the Village of Lincoln
- Copy of Alcona County Building Permit for facility, if applicable
- Certified check for \$1,000. Made out to the Village of Lincoln for the application fee.
- Affidavit of fees (Two (2) signed original documents)
- Supplemental information.

To be completed by the Village of Lincoln:

- Copy of published notice of hearing to approve the *District*
- Certified copy of resolution establishing the *District*
- Map of *District's* parameters
- Copy of published notice on hearing to approve application
- Certified copy of resolution approving P.A.198 application
- List of other taxing units who received notices
- Copies of notices to other taxing units

**INDUSTRIAL TAX ABATEMENT APPLICATION SUMMARY
AND AFFIDAVIT OF FEES**
State of Michigan Public Act 198 of 1974, as amended
(Plant Rehabilitation and Industrial Development Districts)

Name of Applicant:

Telephone Number:

Email Address:

1. SIC Number:

2. Type of Product(s):

3. Years of Establishment of Business:

4. Number of years the business has been located within the Village of Lincoln. _____

5. If not in the Village of Lincoln, where is the business currently based?

_____ List the number of years in the community where its presently located:

6. Value of Investment:

Real Property:

Personal Property:

7. Total projected full-time employees within the next 12 months _____

Total projected part-time employees within the next 12 months _____

Total projected less than part-time employees within the next 12 months _____

8. How many **new** full-time equivalent (FTE) **jobs** will be provided? _____

9. Will the business be headquartered in the Village of Lincoln or elsewhere?

[] Yes [] No List address where business will be headquartered:

10. List the proportion of the building(s) that will be allocated to Manufacturing, Research & Development, or High Technology Activities:

TAX EXEMPTION AFFIDAVIT OF FEES

In accordance with the State of Michigan Tax Commission Bulletin No. 3 dated January 1998, the Local Unit and Applicant for Industrial Facilities Exemption Certificate do hereby swear and affirm that no payment of any kind, whether they be referred to as “fees”, “payments in lieu of taxes”, “donations” or by other like items, such payments are contrary to the legislative intent Act 198 that exemption certificates have the effect of abating all ad valorem property taxes levied by taxing units with the unit of local government with which approves the certificate.

We do swear and affirm by our signatures below that “no payment of any kind in excess of the fee allowed, as amended by Public Act 323 of 1996, as amended, has been made or promised in exchange for favorable consideration of an exemption certificate application.”

Village of Lincoln, Michigan

Signature: _____

Printed Name: _____

Title: _____

Date: _____

Applicant/Company

Signature: _____

Printed Name: _____

Title: _____

Date: _____

Tax Abatement Agreement

The state of Michigan requires all industrial facilities exemption requests forwarded to the state to include a separate agreement between the company requesting the exemption and the Village of Lincoln; an agreement which goes beyond the actual application. The agreement lists the conditions and resources of a tax abatement detailing the Village of Lincoln's requirements of a company during the exception period. If these requirements are not met, the Village of Lincoln has the right to reduce or revoke any and all abatements.

The Village of Lincoln Council approved a standardized agreement that will be used with all companies seeking an exemption. Companies seeking approval for the exemption from the Council must agree to this document prior to the public hearing process. The Village's approval of the agreement will then automatically come with an approval of the application.

The agreement must be signed by both the company representative and the Village of Lincoln's President, who is authorized to sign on behalf of the Village Council and Community. Included as Attachment A is a copy of the agreement as prepared by the Village of Lincoln for your review. This agreement will not be altered in any way, shape or form by the Council but must be agreed upon by the company as currently written.

If you have any questions regarding this agreement or other aspects of the abatement process in the Village of Lincoln, you may contact the Village Assessor for Hawes Township or Gustin Township, depending on the location of facility.

STANDARD TAX ABATEMENT AGREEMENT BETWEEN THE VILLAGE OF LINCOLN

AND

(Name of Company)

This agreement, made this day of 20____, by and between the, herein referred to as the "Village", and _____, hereafter referred to as the "Company", who is doing business at (address) _____.

WHEREAS the Village is willing to approve the granting of an Act 198 Exemption Certificate, pursuant to Michigan Public Act 198 of 1974, as amended; and

WHEREAS pursuant to Section 22 of Michigan Public Act 198 of 1974 it is necessary for the Village and Company to enter into a written agreement prior to the approval and issuance of an industrial facilities exemption certificate, herein referred to as an "Exemption Certificate"; and

WHEREAS, the Village has established certain terms and conditions in order for an Exemption Certificate to be approved; and

WHEREAS the Company is willing to accept and be bound by such terms and conditions in order to receive an Exemption Certificate.

NOW THEREFORE, the parties agree to the following:

1. EXEMPTION CERTIFICATE

The Village hereby approves of the granting of an Exemption Certificate by the State of Michigan in accordance with its resolution approving the same for an application received on _____, 20____, included as Exhibit A, with the estimated project cost of \$_____.

2. TERMS AND CONDITIONS

The Company hereby agrees that in exchange for receiving the tax benefits outlined in the Exemption Certificate, attached as Exhibit B, that it shall be bound by the following terms and conditions during the time-period that the Exemption Certificate is in effect.

- a. **The Company** agrees to create _____ jobs within the Village and use its best efforts to utilize the Village businesses as vendors and suppliers for the project, Village residents for new jobs created, and advertise for any new jobs in the local county and regional newspapers. (The Village requires the jobs created must be sustained throughout the length of the abatement.
- b. **The Company** agrees to notify the Village as soon as the subject property if completed, noting the specific beginning and completion date of the project and the total dollar amount invested in real property and the total dollar amount invested in

personal property included in the project. A detailed breakdown of the investment must be provided.

- c. **The Company** agrees to submit an *annual* report regarding status of employment by September 15th of each year after the issuance of the industrial facilities exemption. The report must include:
 - i. The number of new jobs promised in the application and the actual number of new jobs created (full-time, part-time, and less than part-time),
 - ii. If employment has not remained or exceed the number given in the application, an explanation detailing this and explaining reasons for this shall be included,
 - iii. The dollar amount of any personal property included in the project, which has been disposed of and is no longer located at the project site.
- d. **The Company** will maintain employment levels in the Village of Lincoln as proposed by its application.
- e. **The Company** will abide by all ordinances and regulations of the Village of Lincoln, subject; however, to such exceptions as may be granted by a public body empowered to grant a legal exception to an ordinance or regulation in the Village of Lincoln.
- f. **The Company** is at all times in compliance with all federal, state, and local laws, regulations, and ordinances concerning environmental matters.

3. REVOCATION RESERVATION

The fulfillment of the conditions of this agreement provided for in Section 2 is a purpose for which the Exemption Certificate was approved by the Village of Lincoln, in addition to the purpose is established by law. Failure to uphold these conditions will be considered as operating the facility in bad faith; a manner not consistent with a purpose is of Act 198 of the Public Acts of Michigan, as amended. Furthermore, it will be considered to be circumstances within the control of the Exemption Certificate holder justifying the revocation of the Exemption Certificate.

The Village retains the right to revoke any Exemption Certificate for violation of any of the conditions stated in Section 2 above. If the applicant, within three years of commencing the operation after receiving an industrial facilities exemption certificate moves the operations outside of the Village of Lincoln, then *all* the abated tax given must be returned. After six years, no penalty will be applied.

Likewise, if an exemption certificate is revoked for violation of any of the conditions in Section 2, then the same repayment of tax schedule shall be applied as if the applicant had moved its operations outside of the Village.

4. EFFECT

This agreement shall be binding upon the Village and the Company, and upon their successors and assigns. This agreement shall be interpreted in accordance with the laws of the State of Michigan. Upon default, the other party shall be liable to the non-

defaulting party for reasonable attorney's fees and court costs which may be incurred in enforcing a term or condition of this Agreement. This Agreement represents the entire Agreement of the parties, and replaces any prior oral, written, or implied agreement of the parties. This Agreement may only be amended by the mutual written agreement of the mutual written agreement of the parties.

IN WITNESS THEREOF ON THE DATES HERINAFTER INDICATED:

The Village of Lincoln by:

(President)

(date)

(Clerk)

(date)

The Company by:

(President/Executive Officer)

(date)

(Witness)

(date)

Michigan Rehabilitation & Redevelopment Acts

The Plant Rehabilitation and Industrial Development Districts Act, (known as the Industrial Facilities Exemption) **PA 198 of 1974**, as amended, provides a tax incentive to manufacturers to enable renovation and expansion of aging facilities, assist in the building of new facilities, and to promote the establishment of high-tech facilities.

The Commercial Redevelopment Act, (known as the Commercial Facilities Exemption), **PA 255 of 1978**, as amended, affords a tax incentive for the redevelopment of commercial property for the primary purpose of and use of a commercial business enterprise.

The Obsolete Property Rehabilitation Act (OPRA), **PA 146 of 2000**, as amended, provides property tax exemptions for commercial and commercial housing properties that are rehabilitated and meet the requirements of the Act.

The Commercial Rehabilitation Act, **PA 210 of 2005**, as amended, affords a tax incentive for the rehabilitation of commercial property for the primary purpose and use of a commercial business or multi-family residential facility. The property must be located within an established Commercial Rehabilitation District.

For information about these Acts and others, visit Michigan.gov