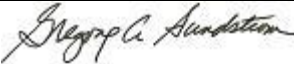


CITY OF GRAND RAPIDS

ADMINISTRATIVE POLICY

NUMBER: 16-02	DATE: January 15, 2016
REVISIONS:	
ISSUED BY: City Manager	SIGNED: 

SUBJECT: Industrial Facilities Exemption Equipment List Modifications

PURPOSE: Public Act 198 of 1994, as amended, MCL 207.551 *et seq.*, (the "Act") provides for the establishment of plant rehabilitation and industrial development districts in local governmental units and for the exemption of real and personal property from *ad valorem* taxes in favor of the reduced Industrial Facilities Tax.

City Commission Policy 900-09 establishes the criteria under which the City of Grand Rapids utilizes the Act and evaluates applications in order to encourage the renovation and expansion of manufacturing facilities and the construction of new industrial plants and the purchase of equipment to create and retain employment for the citizens of Grand Rapids.

The Act also describes the method and requirements for applying for an Industrial Facilities Exemption Certificate (IFEC). For applications requesting an exemption for personal property, it is required that a New Equipment List be provided to the local unit of government as part of the application materials.

From time to time, after an application is filed, approved by the City Commission, and an IFEC has been issued by the State Tax Commission, a certificate holder may submit a request to modify the New Equipment List that was submitted with their original approved application. The Property Services Division of the Michigan Department of Treasury, which reviews all Industrial Facilities Exemption applications distinguishes between an increase in costs for a project, and an amended project. Where costs increase by less than 10%, the IFEC may stand as approved. Where costs increase by more than 10%, the holder of an IFEC must file an amendment application in order to receive the benefit of the IFT tax on the marginal increase in costs. Therefore, where a revision to an approved New Equipment List results in an change in total project cost increase of less

than 10%, the revised New Equipment List does not need to be filed with nor approved by the State Tax Commission.

The City Assessor has indicated that the New Equipment List is utilized by the City Assessor's office to compare to personal property filings from IFEC holders; therefore, modifications to New Equipment Lists are relevant to the work of that office.

The purpose of this Administrative Policy is to supplement City Commission Policy 900-09 and to set forth the conditions under and the method by which the City will consider approval of a revised New Equipment List.

POLICY: If a revision to a New Equipment List that has been included in an approved Industrial Facilities application is requested by the holder of an IFEC, the requested revision shall be submitted in writing to the Economic Development Office. The request will provide the following information:

1. The equipment requested to be substituted on the New Equipment List.
2. The reason for the requested modification to the New Equipment List.
3. The change in cost for the project, if any, as a result of the requested modification.
4. A statement as to whether the modification of new equipment acquisitions will impact the estimated new job creation as described in the original application. This statement is to be signed and certified by a company officer that is authorized to sign the IFEC application.

Based on the information provided to the Economic Development Office, modifications to New Equipment Lists will be processed by one of the following methods as determined necessary by the information provided by the applicant:

1. Where a requested modification to a New Equipment List causes an increase in total project cost of greater than 10%, regardless of any impact on estimated or actual job creation, an application for an amended IFEC shall be filed with the City of Grand Rapids in accordance with State Tax Commission Administrative Rule R 209.54 entitled "*Revision of final project cost; approval; request for revised certificate*". Amendment applications will be presented to the City Commission for its consideration. The City Commission may approve or deny the request based on its evaluation of the information provided by the applicant.

2. Where a requested modification to a New Equipment List causes an increase in total project cost of less than 10%, and the applicant certifies that the revision to their personal property acquisition plan will not reduce their planned job creation and/or retention as submitted in the original approved application, the revised New Equipment List shall be considered to be administratively approved with no action by the City Commission, and shall be provided to the City Assessor to supplement the approved application on file.
3. Where a requested modification to a New Equipment List causes an increase in total project cost of less than 10%, and the applicant has indicated that the revision to their personal property acquisition plan will reduce their planned job creation and/or retention as submitted in the original approved application, the revised New Equipment List shall be presented to the Economic Development Project Team (EDPT) for review. The EDPT may approve, deny, or recommend that the application be submitted to the City Commission for review and consideration.

If the EDPT, or subsequently the City Commission, approves the revised New Equipment List, the list will be provided to the City Assessor to supplement the approved application on file.

If the EDPT, or subsequently the City Commission, denies the request for revision to the New Equipment List, Economic Development staff will notify the applicant and the City Assessor of such denial so that the substituted equipment will not be placed and taxed on the IFT tax roll.