

Application for Obsolete Property Rehabilitation Exemption Certificate

This form is issued as provided by P.A. 146 of 2000. Filing of this form is voluntary. This application should be filed after the district is established. This project will not receive tax benefits until approved by the State Tax Commission. Applications received after October 31 may not be acted upon in the current year. This application is subject to audit by the State Tax Commission.

INSTRUCTIONS: File the original and one copy of this form and the required attachments with the clerk of the local government unit. (The State Tax Commission requires two copies of the Application and the Resolution. The original is retained by the clerk.) Please see State Tax Commission Bulletin 9 of 2000 for more information about the Obsolete Property Rehabilitation Exemption. The following must be provided to the local government unit as attachments to this application: (a) General description of the obsolete facility (year built, original use, most recent use, number of stories, square footage); (b) General description of the proposed use of the rehabilitated facility, (c) Description of the general nature and extent of the rehabilitation to be undertaken, (d) A descriptive list of the fixed building equipment that will be a part of the rehabilitated facility, (e) A time schedule for undertaking and completing the rehabilitation of the facility, (f) A statement of the economic advantages expected from the exemption.

Applicant (Company) Name (applicant must be the OWNER of the facility)		
Company Mailing address (No. and street, P.O. Box, City, State, ZIP code)		
Location of obsolete facility (No. and street, P.O. Box, City, State, ZIP Code)		
City, Township, Village		County
Date of Commencement of Rehabilitation	Planned date of Completion of Rehabilitation	School District where facility is located (include school code)
Estimated Cost of Rehabilitation	Number of years exemption requested	Attach Legal description of Obsolete Property on separate sheet
Expected project likelihood (check all that apply): <input type="checkbox"/> Increase Commercial activity <input type="checkbox"/> Retain employment <input type="checkbox"/> Revitalize urban areas <input type="checkbox"/> Create employment <input type="checkbox"/> Prevent a loss of employment <input type="checkbox"/> Increase number of residents in the community in which the facility is situated Indicate the number of jobs to be retained or created as a result of rehabilitating the facility, including expected construction employment _____		
The State Treasurer may exclude from the specific tax up to 1/2 of the mills levied for local school operating purposes and for the State Education Tax. Check the following box if you wish to be considered for this exclusion. <input type="checkbox"/>		

APPLICANT'S CERTIFICATION

The undersigned, authorized officer of the company making this application certifies that, to the best of his/her knowledge, no information contained herein or in the attachments hereto is false in any way and that all of the information is truly descriptive of the property for which this application is being submitted. Further, the undersigned is aware that, if any statement or information provided is untrue, the exemption provided by P.A. 146 of 2000 may be in jeopardy.

The applicant certifies that this application relates to a rehabilitation program that, when completed, constitutes a rehabilitated facility, as defined by P.A. 146 of 2000 and that the rehabilitation of the facility would not be undertaken without the applicant's receipt of the exemption certificate.

It is further certified that the undersigned is familiar with the provisions of P.A. 146 of 2000, of the Michigan Compiled Laws; and to the best of his/her knowledge and belief, (s)he has complied or will be able to comply with all of the requirements thereof which are prerequisite to the approval of the application by the local unit of government and the issuance of an Obsolete Property Rehabilitation Exemption Certificate by the State Tax Commission.

Company Officer name (no authorized agents)	Telephone Number	Fax Number
Mailing Address		Email Address
Signature		Title

LOCAL GOVERNMENT UNIT CLERK CERTIFICATION

Clerk must also complete Parts 1-3 on Page 2.

Signature	Date application received
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FOR STATE TAX COMMISSION USE

Application Number	Date Received
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LOCAL GOVERNMENT ACTION

This section is to be completed by the clerk of the local governing unit before submitting the application to the State Tax Commission. Include a copy of the resolution which approves the application. All sections must be completed in order to process.

PART 1: ACTION TAKEN

Action Date: _____

Exemption Approved for _____ Years, ending December 30, _____ (not to exceed 12 years)

Denied

PART 2: RESOLUTIONS (All boxes must be checked prior to submitting this form.)

<p><input type="checkbox"/> A statement that the local unit is a Qualified Local Governmental Unit.</p> <p><input type="checkbox"/> A statement that the Obsolete Property Rehabilitation District was legally established including the date established and the date of hearing as provided by section 3 of P.A. 146 of 2000.</p> <p>A statement indicating whether the taxable value of the property proposed to be exempt plus the aggregate taxable value of property already exempt under P.A. 146 of 2000 and under P.A. 198 of 1974 (IFT's) exceeds 5% of the total taxable value of the unit.</p> <p><input type="checkbox"/> A statement of the factors, criteria and objectives, if any, necessary for extending the exemption, when the certificate is for less than 12 years.</p> <p><input type="checkbox"/> A statement that the application was approved at a public hearing as provided by section 4(2) of P.A. 146 of 2000 including the date of the hearing.</p> <p><input type="checkbox"/> A statement that the applicant is not delinquent in any taxes related to the facility.</p> <p>If it exceeds 5% (see above), a statement that exceeding 5% will not have the effect of substantially impeding the operating of the Qualified Local Governmental Unit or of impairing the financial soundness of an affected taxing unit.</p> <p><input type="checkbox"/> A statement that all of the items described on line 9 of the Application for Obsolete Property Rehabilitation Exemption Certificate have been provided to the Qualified Local Governmental Unit by the applicant.</p>	<p><input type="checkbox"/> A statement that the application is for obsolete property as defined in section 2(h) of Public Act 146 of 2000.</p> <p><input type="checkbox"/> A statement that the commencement of the rehabilitation of the facility did not occur before the establishment of the Obsolete Property Rehabilitation District.</p> <p>A statement that the application relates to a rehabilitation program that when completed constitutes a rehabilitated facility within the meaning of P.A. 146 of 2000 and that is situated within an Obsolete Property Rehabilitation District established in a Qualified Local Governmental Unit eligible under P.A. 146 of 2000 to establish such a district.</p> <p><input type="checkbox"/> A statement that completion of the rehabilitated facility is calculated to, and will at the time of issuance of the certificate, have the reasonable likelihood to, increase commercial activity, create employment, retain employment, prevent a loss of employment, revitalize urban areas, or increase the number of residents in the community in which the facility is situated. The statement should indicate which of these the rehabilitation is likely to result in.</p> <p><input type="checkbox"/> A statement that the rehabilitation includes improvements aggregating 10% or more of the true cash value of the property at commencement of the rehabilitation as provided by section 2(l) of P.A. 146 of 2000.</p> <p><input type="checkbox"/> A statement of the period of time authorized by the Qualified Local Governmental Unit for completion of the rehabilitation.</p>
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PART 3: ASSESSOR RECOMMENDATIONS

Current Taxable Value and State Equalized Value of obsolete properties

	Taxable Value	State Equalized Value (SEV)
Land		
Buildings		
Buildings on Leased Land		
Other Personal Property		
Year of Values		
Name of Local Government Body	Date of Action on application	

CLERK CERTIFICATION

The undersigned clerk certifies that, to the best of his/her knowledge, no information contained herein or in the attachments hereto is false in any way. Further, the undersigned is aware that if any information provided is untrue, the exemption provided by P.A. 146 of 2000 may be in jeopardy.

Clerk Signature	Date	Telephone Number	Fax Number
Clerk's Mailing Address	City & State	ZIP Code	

Mail completed Application and copy of Resolution to:

State Tax Commission
 Michigan Department of Treasury
 P.O. Box 30471
 Lansing, Michigan 48909-7971

If you have any questions, call (517) 373-2408 or 373-3302.

Checklist for Obsolete Property Rehabilitation Exemption Certificate Application

The following must be filed by property owner requesting an Obsolete Property Rehabilitation Exemption Certificate.

- _____ State Tax Commission Application Form.
- _____ Description of the obsolete facility.
- _____ Description of proposed use of the rehabilitated facility.
- _____ Nature and extent of the rehabilitation to be undertaken.
- _____ A descriptive list of the fixed building equipment that will be a part of the rehabilitated facility.
- _____ Time schedule for undertaking and completing the rehabilitation.
- _____ A statement of the economic advantages expected from the exemption.
- _____ Number of jobs to be retained or created as a result of rehabilitating the facility, including expected construction employment.
- _____ If property was tax exempt prior to exemption certificate application, Assessor shall determine taxable value of property.
- _____ Statement that rehabilitation did not occur before the establishment of the obsolete property rehabilitation district.
- _____ Completed project will result in a rehabilitated facility in an obsolete rehabilitation district.
- _____ Rehabilitated facility will increase commercial activity, create employment, retain employment, prevent a loss of employment, revitalize urban areas, or increase the number of residents in the community in which the facility is situate.
- _____ Statement by applicant that his rehabilitation of the facility would not be undertaken without the applicant's receipt of the exemption certificate.
- _____ Statement the applicant is not delinquent in the payment of any taxes related to the facility.

OBSOLETE PROPERTY REHABILITATION ACT

(exemption shall not be granted after 12/31/2010)

1) APPLICATIONS FOR EXEMPTION CERTIFICATE

a) Filed with City Clerk

b) Shall consist of:

- Application Form provided by State Tax Commission
- General description of the obsolete facility
- General description of proposed use of the rehabilitated facility
- General nature and extent of the rehabilitation to be undertaken
- A descriptive list of the fixed building equipment that will be a part of the rehabilitated facility
- Time schedule for undertaking and completing the rehabilitation
- A statement of the economic advantages expected from the exemption
- Number of jobs to be retained or created as a result of rehabilitating the facility, including expected construction employment
- If property was tax exempt prior to exemption certificate application, Assessor shall determine taxable value of property.
- Statement that rehabilitation did not occur before the establishment of the obsolete property rehabilitation district.
- Completed project will result in a rehabilitated facility in an obsolete rehabilitee district.
- Rehabilitated facility will increase commercial activity, create employment, retain employment, prevent a loss of employment, revitalize urban areas, or increase the number of residents in the community in which the facility is situate.
- Statement by applicant that his rehabilitation of the facility would not be undertaken without the applicant's receipt of the exemption certificate.
- Statement the applicant is not delinquent in the payment of any taxes related to the facility.

c) Public Hearing on Exemption Application

- Clerk notifies assessor and legislative body of each taxing unit that receive ad valorem property taxes of receipt of application and public hearing.

- Legal Notice given to public. Also notify applicant

2) WHAT CONSTITUTES REHABILITATION

Major renovation and modification including, but not limited to:

- Improvements of floor loads
- Correction of deficient or excessive height
- New or improved fixed building equipment (heat, ventilation, lighting)
- Reducing number of stories
- Improved structural support
- Improved roof structure or cover
- Floor replacement
- Improved wall placement
- Improved exterior and interior appearance of buildings
- Physical changes to restore or change the obsolete property to an economically efficient condition
- Rehabilitation must be 10%, or more, of true cash value of the property at commencing of the rehabilitation of the obsolete property

3) COMMISSION ACTION ON EXEMPTION APPLICATION

- Within 60 days of receipt of application the City Commission approve or disapprove by resolution
- Resolution shall certain number of year for which the property will receive the exemption
- Clerk retains original application and resolution
- Copy of application and resolution to State Tax Commission.
- If disapproved, reasons are to be included in the resolution. A copy of the resolution is sent by certified mail to the applicant and assessor.
- If exempted taxable value exceeds 5% of local governmental unit's taxable value – the resolution must include statement that exceeding that amount will not effect operations of local government
- The resolution is not effective unless approved by the State Tax Commission

4) STATE TAX COMMISSION APPROVAL

- Within 60 days of receiving application, the State Tax Commission shall approve or disapprove.
- If approved, the Tax Commission will issue an Obsolete Property Rehabilitation Exemption Certificate.
- Effective date of certificate - December 31 immediately following the date of issuance of certificate.
- The State Tax Commission will file an approved exemption with the City Clerk

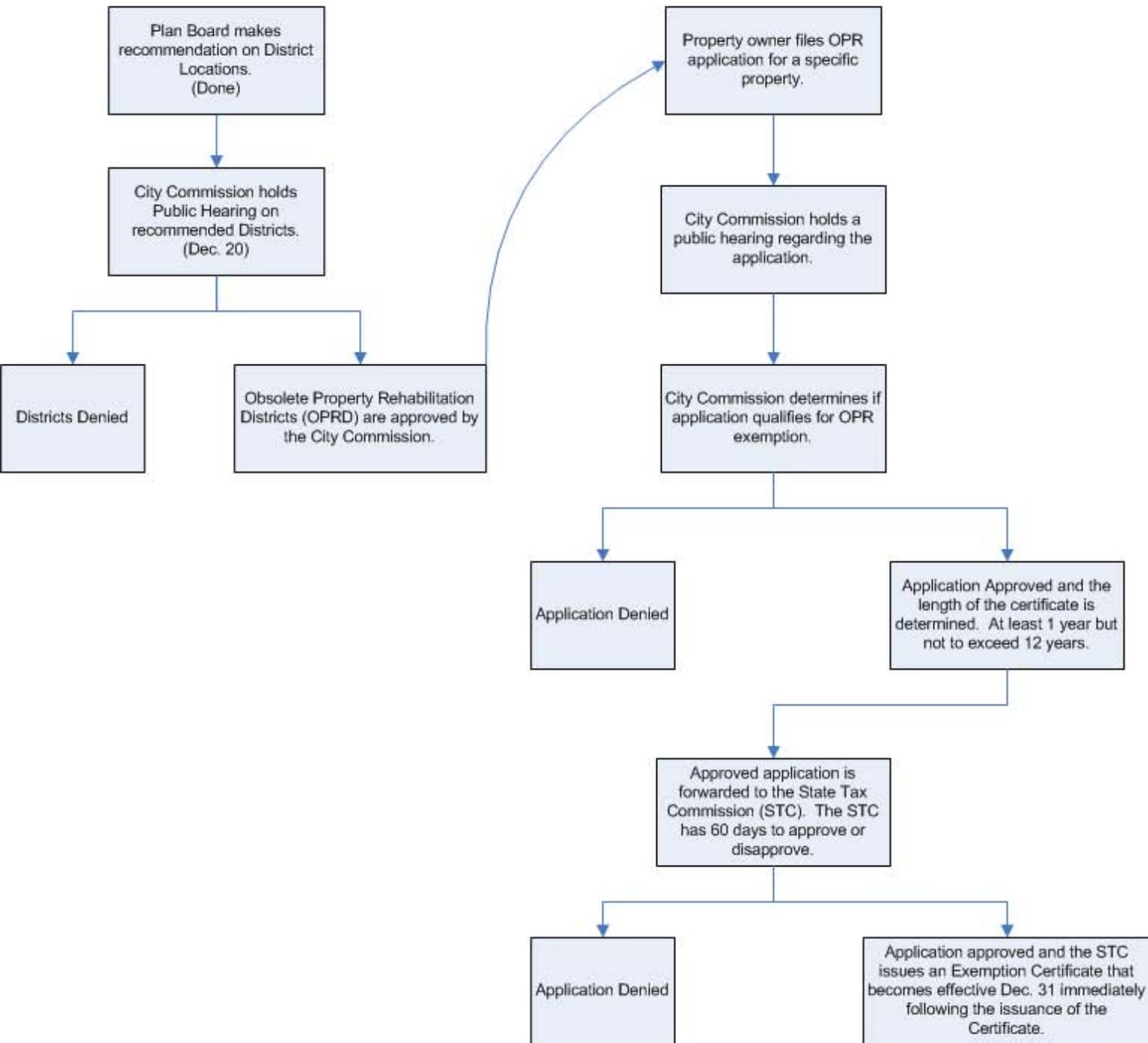
5) REVOCATION OF CERTIFICATE

- City may revoke if:
 - Rehabilitation of facility did not occurred within the time authorized in the exemption certificate or by an extension
 - Property owner did not proceed in good faith

6) TRANSFER OF CERTIFICATE

- New owner must apply for transfer
- City Commission must approve

Obsolete Property Rehabilitation Districts/Exemption Process



- This is not a tax abatement.
- The Exemption does not apply to the land on which the building is located or personal property other than a building on leased land.
- Can be transferred if application from the new owner is approved by the City Commission. A transfer does not have to be approved by the STC.
- City Commission may revoke the Certificate if the rehabilitation is not completed on time or given an extension or if the property owner has not proceeded with the rehabilitation in good faith and in a manner consistent with the Act.
- If these Districts are created this will not exclude other properties within the City from being eligible. Establishing these districts is identifying target areas for the program.

OPRD

What property can qualify?

Commercial Property

Commercial Housing Property (Example – Former industrial building that is being converted to housing)

That is **OBSOLETE**

What does obsolete mean?

Property declared a public nuisance (Condemned)

Contaminated Site

Functionally Obsolete

“Property that is unable to be used to adequately perform the function for which it was intended due to a substantial loss in value resulting from factors such as overcapacity, changes in technology, deficiencies or super adequacies in design, or other similar factors that affect the property itself or the property’s relationship with other surrounding property”

Examples:

A floor plan which is inappropriate for the use of the property.
Inadequate mechanical systems.

Obsolete Property Rehabilitation Criteria

The criteria that may be considered by the City Commission in approval of applications, including applications for the establishment of districts, as well as the issuance of certificates, are the following:

Completion of Obsolete Property Rehabilitation Application.

2. Completion of the rehabilitated facility must have the reasonable likelihood to, increase commercial activity, create employment, retain employment, prevent a loss of employment, revitalize urban areas, or increase the number of residents in the community in which the facility is situated.
3. Will increase the tax base.
4. Compliance of the applicant in meeting previous obsolete property rehabilitation requirements, and employment goals and investment projections (if relevant).
5. The impacts on public right of way and general circulation patterns of the surrounding area.
 6. General site improvements such as paving, parking areas, increases in landscaping ground vegetation, and signage improvements.
 7. The history of the applicant in payment of taxes, water bills, or any other obligations to the City. "Applicant," for this purpose, shall include any entity controlled by the principal officers or owners of the entity signing the present application. The City shall not issue a certificate or approve a district in cases where the "applicant" as here defined, is delinquent in any tax, water bill, or obligation to the City.
 8. The impact on property values in the general area of the project.
9. The consistency of the project with adopted codes, ordinances and plans.
10. Other considerations considered unique or of benefit to the community.

The following guidelines are for determining the length of the obsolete property rehabilitation exemption. The City Commission reserves the right to adjust the length of any tax exemption or add or subtract any conditions placed on a tax exemption.

Investment of \$25,000 or less	up to 8 Years
Investment of \$25,001 or more	up to 12 Years

RESOLUTION NO. 05-40

Commissioner Harper moved, seconded by Commissioner Hogenson, the adoption of the following:

**RESOLUTION ESTABLISHING OBSOLETE PROPERTY
REHABILITATION (OPR) EXEMPTION CRITERIA**

WHEREAS, the City Commission passed Resolution No. 04-09 on January 20, 2004 creating three Commercial Obsolete Property Rehabilitation Districts, and

WHEREAS, the City Staff is recommending the attached criteria be considered by the City Commission in approval of applications, including applications for the establishment of districts, as well as the issuance of certificates, and

WHEREAS, the City Staff is also recommending the following guidelines for determining the length of the obsolete property rehabilitation exemption with the Commission reserving the right to adjust the length of any tax exemption or adding or subtracting any conditions placed on a tax exemption:

Investment of \$25,000 or less	up to 8 Years
Investment of \$25,001 or more	up to 12 Years

NOW, THEREFORE, BE IT RESOLVED, the City Commission approves the recommended attached criteria in approving applications, including applications for the establishment of Obsolete Property Rehabilitation Districts and the guidelines determining the length of the obsolete property rehabilitation exemption.

Yeas: Brennan, Rothstein, Burch

Nays: Harper, Hogenson

The Mayor Declared the Resolution adopted.

Dated: April 4, 2005

Zoning Map Description

District #1

All those parcels commercially zoned in the downtown district bounded by State Street on the West, Hemlock Street on the North, Warren Street on the East and Linden Street on the South and also that commercially zoned property on the corner of Hemlock and Michigan Avenue.

District #2

All those commercially zoned properties with frontage on North State Street from Hemlock Street North to the City Limits.

District #3

All those commercially zoned properties with frontage on Maple Street East of Maple Street Bridge to Bjornson and all commercially zoned properties along South Third Avenue from Maple Street South including those that are bounded by South Third Avenue on the West, Colburn Avenue on the North, Rails to Trails on the East and City Limits on the South.

As indicated on the City of Big Rapids Zoning Map