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**Subject: PERSONAL PROPERTY TAX EXEMPTIONS  
(P.A. 328)**

**Date: June 4, 2007**

**No. 30.6**

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**PURPOSE:** This policy applies to the consideration of requests for letters of approval of personal property tax exemption certificates granted under the provisions of Michigan Public Act 328 of 1998. The purpose of the policy is to enable the city to administer efficiently and effectively a fair, equitable, and accountable program under the Act while meeting the following goals:

1. Support the growth and attraction of high-quality businesses and jobs in the city; maintain and build a sustainable, long-term tax base through increased capital investment; and
2. Encourage the redevelopment of designated brownfield sites and support business development and economic growth within targeted areas of the city.

**SCOPE:** This policy applies to all PA 328 requests within the City of Kalamazoo.

**POLICY:**

It is the policy of the City of Kalamazoo that tax exemption letters of approval issued under PA 328 are a privilege and not an entitlement for qualified applicants. The following standards and rules shall be applied to each request to receive a tax exemption certificate:

Eligibility

1. A business must be located on a brownfield site designated in the city's Brownfield Plan, or if not designated in the Plan, on a publicly- or privately-owned site eligible for inclusion in the Plan, based upon established criteria and subject to Brownfield Redevelopment Authority board review and approval; or a business must be located in an area targeted and approved by the City Commission for comprehensive redevelopment activity, such as the Clean Michigan Initiative Riverfront Redevelopment Area.
2. An eligible business must be engaged in and create new jobs in one of the following types of businesses: manufacturing; research and development; mining; wholesale trade; or office operations. By state law, eligible businesses **do not** include retail establishments, professional sports stadiums, casinos (including all property associated or affiliated with the operation of a casino; for example, parking lot, hotel, motel or retail store), or that portion of an eligible business used exclusively for retail sales.
3. The new personal property must be owned or leased by an eligible business as defined above. New personal property does not include buildings on leased land and property described in Michigan Compiled Law 211.8(h), 211.8(i), and 211.8(j).
4. To be eligible for personal property tax exemptions, the applicant shall not be delinquent in its payment of any local taxes.
5. A recipient of the letter of approval shall commit to the creation of at least five new jobs during the duration of the tax exemption period beginning with the date of the letter of approval if located on a brownfield site or in a comprehensive redevelopment area. Existing and new jobs shall conform to state and federal minimum wage laws **and** pay the tax abatement wage standard (see Attachment A). Achievement toward meeting job creation goals and compliance with wage standards shall be reported annually to the city including the company's community support activities by the recipient no later than August 15. For the purpose of meeting this basic requirement, job retention

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**shall not** be considered. The city shall monitor the achievement of employment goals, compliance with wage standards, and any other provisions of its local agreement.

6. Personal property eligible for tax exemption must be new personal property that was not previously subject to tax under the General Property Tax Act. Eligible personal property is property placed in an eligible district **after** the city adopts a resolution approving the request by the applicant for the tax exemption. Therefore, personal property which was located in an eligible district prior to the adoption of the resolution will not qualify for the exemption.

A recipient of the letter of approval under PA 328 shall provide the city with a personal property list and purchase plan which includes personal property eligible immediately for tax exemption and any additional personal property that the applicant anticipates placing in the eligible district under Paragraph 1 for inclusion as exempt personal property within the three-year period covered by the initial letter of approval.

The 3-year term for the PA 328 exemption shall not be extended beyond the period covered in the resolution adopted by the city, regardless of when, during the three-year period, the recipient places additional personal property eligible for an exemption in the eligible district.

The city assessor shall require that two personal property statements be filed each year by an eligible business which receives a tax exemption. One statement shall be for the exempt new personal property and the other shall be for all other personal property.

7. The applicant shall agree that should ownership of the business and/or facility for which a PA 328 letter of approval is issued be changed in the future, thereby requiring a hearing before the Kalamazoo City Commission under state law, the transferee or new owner shall abide by all the terms and conditions of the local agreement, and that the applicant will communicate all terms and conditions of this agreement to the transferee or new owner and assist the city in obtaining the signature of the authorized agent of the transferee or new owner on this agreement or, at option of the city, with a newly executed agreement that substantially corresponds with this policy and any subsequent amendments to PA 328.
8. An applicant otherwise eligible for PA 328 tax exemption may also be eligible under separate policy and guidelines for PA 198 tax exemption certificates for real property investments. An applicant shall not receive both PA 198 and PA 328 tax exemptions for the same personal property.

#### Accountability

1. Consistent with the provisions of the city's PA 198 tax exemption policy, PA 328 certificate recipients shall be required to sign a local agreement which contains, among other provisions, the requirement that if a recipient ceases its operations prior to the expiration of the term of its certificate, and no transfer of the certificate is approved by the city to a third party that continues adequate operations for which the recipient originally has received its certificate, the recipient shall repay the city all reduced taxes which previously benefited the recipient for disbursement proportionately to all taxing units having taxing jurisdiction over the exempted personal property, plus all accrued interest, penalties and administration fees applicable to said tax exemptions in the same amount as would be collected if the same were considered delinquent.

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2. Certificate holders are required to provide the city with documentation of good faith efforts to consult with Michigan Works to review job applications of city residents who have completed or participated in local employment training programs, prior to filling new jobs in its facilities.
3. Tax exemption **districts** under PA 328 shall be created for a maximum of 20 years, within which letters of approval may be granted for up to 3 years. If the applicant purchases additional, eligible new personal property during the period of exemption, that tax exemption benefit for that additional personal property shall expire when the original 3-year exemption period ends. For example, eligible personal property purchased in the second year of a 3-year exemption period will receive only one year of tax exemption.

#### Certification Process

1. Applications for PA 328 tax exemption shall be available in the City Clerk's Office (1st floor of City Hall) and the Economic Development Department (445 West Michigan Avenue).
2. The following procedure shall be followed in conformance with the Act:
  - a. An eligible business submits a fully-completed application for the tax exemption to the city.
  - b. The city provides public notice to all taxing jurisdictions impacted by the requested PA 328 tax exemption.
  - c. The City Commission sets a public hearing on the applicant's request.
  - d. The City Commission holds a public hearing and then adopts a resolution to deny or to approve the tax exemption; the resolution for approval shall contain the following:
    - (1) Identification of the existing eligible district or eligible district to be created (legal description shall be provided by applicant);
    - (2) The period during which the new personal property is exempt, effective on the December 31 immediately succeeding the adoption, with a specified ending date; and
    - (3) Identification and address of the eligible business.
  - e. The state treasurer, with the written concurrence of the Michigan Economic Development Corporation, advises the State Tax Commission as to whether exempting the new personal property of the eligible business is necessary to reduce unemployment, promote economic growth, and increase capital investment in Michigan.
  - f. The State Tax Commission approves or disapproves the resolution.

#### Fees

The applicant shall pay a fee under the fee schedule adopted or modified by resolution of the City Commission to defray the expenses incurred by the city to review and process a request for a PA 328 exemption.

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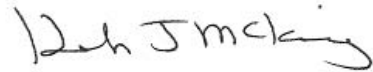
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**EFFECTIVE DATE:** June 4, 2007

**SEE ALSO:** Michigan PA 198 of 1974 and its amendments. Any conflict between this policy and state law shall be controlled by state law.

**HISTORY:** May 1, 2000 - City Commission adopted policy  
July 16, 2001 - City Commission adopted revised policy

**SIGNATURE:**



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Hannah J. McKinney  
Mayor

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**Subject: PERSONAL PROPERTY TAX EXEMPTIONS  
(P.A. 328) TAX ABATEMENT WAGE STANDARD**

**Date: September 5, 2006**

**No. 30.6**

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The tax abatement wage standard:

Shall be defined as an hourly wage rate which on an annual basis is equivalent to or exceeds:

- 125% of the federal poverty income guidelines from the U.S. Department of Health and Human Services for a family of three, plus health care insurance coverage; or
- 150% of the federal poverty income guidelines from the U.S. Department of Health and Human Services for a family of three if health benefits are not provided to the employee.