



Industrial Facilities Tax Abatement Program

POLICY AND PROCEDURES

Initially Adopted by City Council

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Amended by City Council

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**CITY OF WIXOM
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INDUSTRIAL FACILITIES TAX PROGRAM

INTRODUCTION

Since incorporation in 1957, the City of Wixom has recognized that the growth and retention of local businesses and the attraction of new businesses to the City is crucial to maintaining a vibrant and well-balanced community with the financial resources to provide a high level of service to all City property owners. In this regard, the Wixom City Council has and continues to offer to industrial firms, considering a significant investment in the City, the opportunity to request and be considered for the partial abatement of the property taxes associated with their proposed investment for a defined number of years. The opportunity for the City to provide tax abatement to industrial firms was enabled by the passage of Public Act 198 of 1974. Act 198 of 1974 was approved by the State Legislature to encourage the restoration and/or expansion of existing industrial facilities and to encourage the development and growth of new industries in the State. In an effort to support growth and development in the City, to assure that the City continues to derive adequate financial resources to maintain a high level of service to its residents and also in an effort to protect the natural environment and the quality of life in the community, the following policy and procedures have been developed and subsequently approved by the Wixom City Council.

OBJECTIVE OF THE CITY'S INDUSTRIAL TAX ABATEMENT PROGRAM

The primary objective of the City's industrial tax abatement program is to facilitate capital investment in the city which is harmonious with the residential, commercial, educational and cultural community along with the City's municipal infrastructure.

It is the intent of this Policy that the following goals be achieved as a result of the City's approval of tax abatement for specific investments in the industrial sector.

- the proposed investment has the expectation, over the long term, to **expand** the City tax base
- the proposed investment promotes the **diversification** of the City's industrial base
- the proposed investment will create **new jobs**
- the proposed investment will result in a development which is **attractive and aesthetically pleasing** and consistent with the character of the City
- the proposed investment offers a well-founded potential for **future growth** and expansion of the benefiting business
- the proposed investment has the ability to **attract related or support industrial entities** to the City
- the proposed investment will **economically stimulate** other business activities in the City of Wixom in the form of service shops and stores, support facilities and satellite industries
- the proposed investment will **serve overall community objectives** and will act as a catalyst for the construction of public infrastructure as well as supporting the City's beautification, historic preservation, cultural enrichment and economic development initiatives.

STATEMENT OF CITY POLICY

Industrial Development or Rehabilitation Districts can be established and Industrial Facility Certificates approved only if the applicant satisfactorily meets the following requirements:

1. The length of the abatement shall be based on the total taxable investment, the total job creation and whether the building is purchased, or leased, and the term of the lease per **Attachment A**. However, the City reserves the right to adjust its recommended length of abatement outside of the guidelines in Attachment A based on unique circumstances of a given application.
2. All jobs being created as a part of the proposed project shall be counted in terms of full-time equivalents (FTE), or per 40-hours per week increments. Completely remote jobs that are created as a result of the project do not count towards the jobs created calculation, and jobs that are part-time, or partially remote, must be calculated as a percentage of what portion of their working hours will be spent in the Wixom location.
3. The proposed facility or project must be associated with the development or use of leading edge/emerging technology, show a potential for success, have an immediate and/or positive financial impact on the City of Wixom and the surrounding communities and will not result in the degradation of the environment or natural resources.
4. The proposed facility or project, including all real and personal property, must be utilized exclusively by the applicant for the specific purpose stated in the application.
5. Multi-tenant facilities, non-owner occupied or speculative facilities will not be considered for tax abatement. Exceptions may be made for speculative or multi-tenant facilities including manufacturing and research business incubators and advanced technology business clusters.
6. The project should apply for, and receive, any relevant approvals from the Planning Commission prior to an abatement being implemented. The applicant may concurrently seek a recommendation from the Tax Abatement Review Committee and review by the Planning Commission.
7. The facility or project can not be dependent on the approval of any variances.
8. The applicant must comply, and remain in compliance, with all ordinances and regulations of the City of Wixom in order for an exemption to be granted and for the exemption to continue to be in effect.
9. The applicant must not have any pending property tax appeals against the City; or outstanding amounts owing to the City for the provision of City services, including but not limited to, water, sewer, and refuse collection; and must be current on the payment of any special assessments or fees related to the property or other property owned by the applicant within the City.

10. The applicant cannot have purchased land, buildings or any personal property included in the proposed project for which tax abatement is sought at the time the application is made to the City. The applicant is encouraged to have identified a proposed site, and seek preliminary relevant preliminary approvals for that site concurrently with seeking a tax abatement.
11. Tax abatement requests for real property will be considered only for new construction and will not be granted for an existing building, for additions to existing buildings or for improvements or modifications to existing buildings unless specifically related to and required to facilitate the project for which tax relief is sought.
12. With recent changes to the State of Michigan's treatment of industrial personal property via the Exempt Manufacturing Personal Property Tax Exemption (EMPP), Tax abatement requests for personal property will not be considered. In circumstances where EMPP does not apply, the City may consider personal property abatement for investments over \$2,000,000 that are related to highly competitive emerging technologies that also meet the minimum real property investment threshold.
13. The applicant will be required to sign a Letter of Agreement agreeing to satisfy certain conditions and achieve specific goals in a timely manner as a condition of approval of the tax abatement district and certificate. As part of the Letter of Agreement, the applicant will agree to:
 - Reimburse the City for all City taxes which were abated from the effective date of the certificate if more than 20% (based on original value) or more of the machinery and equipment included in the abatement is moved out of the City before the termination of the agreement.
 - Create jobs within the City and use its best efforts to utilize City businesses as its vendors and suppliers for the project, hire City residents for new jobs created and advertise for any new jobs in a newspaper in circulation within the City.

If the number of full-time jobs created as of the December 31 preceding the date of the Initial or Annual Status Report is less than the number of full-time jobs committed to be created, the City shall be paid an amount equal to (i) one-half of the City's portion of the general property taxes which would have been due absent the issuance of the IFEC for the year in which the Initial or Annual Status Report is filed, multiplied by (ii) a fraction, the numerator of which is the shortfall in the number of full-time jobs indicated in the Initial or Annual Status Report, and the denominator of which is the total number of full-time jobs to be created.

- Support the Walled Lake Consolidated School District, Oakland Intermediate Schools and/or Oakland Technical Center by making a best effort to work with City Administration to identify special programs and other opportunities for students.
- Support the City of Wixom events and cultural initiatives.

- The letter of Agreement must be finalized and signed by the applicant prior to the Public Hearings on the tax abatement request.
14. An IFT Certificate request must be for a period less than twelve (12) years. For a leased facility, the request must not exceed the term of the lease. No subsequent Certificate extensions will be considered. However, secondary requests will be considered provided a new minimum investment of at least fifty (50) percent of the initial request is being proposed.
 15. Any industrial waste which may result from the proposed investment must be disposed of in an appropriate manner consistent with federal, state and local regulations. A written statement detailing the hazards involved and the disposal practices to be utilized with regard to these industrial wastes must be provided by the applicant. If no industrial wastes or other environmental contaminants will potentially result from the project, the applicant must provide a written statement, signed by all responsible parties, to this effect.

The applicant must notify the City as soon as the subject project is completed, noting the specific beginning and completion date of the project and the total dollar amount invested in real property, if there is a real property component, and the total dollar amount invested in personal property included in project. A detail breakdown of the investment should be provided. The applicant must provide annual year end reports to the City, noting the total dollar amount originally invested in the project, the dollar amount of any personal property included in the project which has been disposed of and is no longer located the project site, the number of existing jobs brought into the City and the number of new jobs created and still in place at the end of the year and a detailed statement as to the progress of the program which the project implemented.

The City staff will review and audit all active Industrial Facility Tax Exemption Certificates annually in first quarter of each year and report the results to the City Council. The review will be conducted to assure compliance with the conditions set forth in the IFEC application and the Letter of Agreement. In the event the review and audit procedures disclose a failure to comply with the Agreement, procedures will be implemented to institute revocation proceedings.

APPLICATION PROCEDURES

The following procedures have been established by the City of Wixom to review and evaluate requests for Industrial Facility Tax Abatement in accordance with Public Act 198:

1. Applicants requesting the establishment of an Industrial Facilities Exemption District will submit to the City Clerk a formal letter requesting the tax abatement along with ten (10) copies of the prescribed application form and all supporting documents. A certified check for \$1,000, a non-refundable filing fee, to cover the cost of processing the application shall accompany the application and is required before the application shall be processed.

2. In the application package, the applicant must provide the following:
 - a. Detailed description of the nature and significance of the proposed project.
 - b. A list and description of the physical components required for implementing the project (land, building, machinery & equipment and any other personal property) with an explanation of their necessity and contribution to the project.
 - c. The number and job descriptions of the employees who will be transferred from another location and the number who will be hired specifically for the proposed project.
 - d. A five-year plan detailing employment projection, anticipated expenditures and forecasted growth and revenue.
 - e. A written statement detailing any hazardous waste generated by the project along with the hazards involved and the disposal practices to be utilized with regard to these industrial wastes. If no industrial wastes or other environmental contaminants will potentially result from the project, the applicant must provide a written statement, signed by all responsible parties, to this effect.
 - f. A written statement detailing the impact of the proposed development on City services and infrastructure.

3. As part of the applicant's submission, the applicant shall provide a written response to each of the following:
 - a. What benefits accrue to the City of Wixom based on the **type of business** of the applicant?
 - b. How would the proposed investment further the City's goal of **diversification** of its industrial base?
 - c. How would the proposed investment enhance the **image** of the City?
 - d. In what way could the proposed investment result in notable, future **growth** within the City?

- e. How will the Walled Lake Consolidated School District and Oakland Technical Center **benefit** by our location in Wixom and how will this enhance the educational experience of students enrolled in these educational facilities?
4. The application package will be forwarded to all departments for review and comment on the proposed development and its potential impact on the City and its infrastructure.
5. After staff review, the application package will be forwarded to members of the Tax Abatement Review Committee and a meeting will be scheduled for the Committee members to meet with the applicant and/or the applicant's representative to review the proposed investment and to discuss the potential impact of the project on the City and to evaluate the potential benefits that would result. The application package will accompany a staff report prepared by the Assessing Department which will include supporting documentation.
6. If the Tax Abatement Review Committee votes to recommend to City Council that a tax abatement be granted in a specific case, the applicant must work with the City Manager or his representative in preparing, and subsequently signing a Letter of Agreement.
7. All information including the review group analysis, department assessments, Tax Abatement Committee recommendation and a copy of the original application will be submitted to the Wixom City Council as an agenda item for the consideration of the scheduling of a public hearing.
8. The applicant will be notified by the City Clerk specifying the public hearing date and will post all appropriate legal notices.
9. Final consideration of the exemption district and certificate will be addressed by the Wixom City Council. The Council may exercise its discretion in determining the length of a certificate in accordance with the objectives set forth in these guidelines and the general health, safety and welfare of the City of Wixom.

ATTACHMENT A



City of Wixom

P.A. 198 Industrial Facility Tax Abatement Chart

| Value of Investment | Number of New or Retained Full-Time Equivalent (FTE) Jobs | | | | | | |
|-----------------------------|---|-------|-------|---------|---------|-----------|------|
| | 0-19 | 20-49 | 50-99 | 100-149 | 150-199 | 200 - 249 | 250+ |
| \$5,000,000 - \$9,999,999 | 0 | 3 | 4 | 5 | 6 | 7 | 8 |
| \$10,000,000 - \$19,999,999 | 0 | 4 | 5 | 6 | 7 | 8 | 9 |
| \$20,000,000 - \$29,999,999 | 0 | 5 | 6 | 7 | 8 | 9 | 10 |
| \$30,000,000 - \$39,999,999 | 0 | 6 | 7 | 8 | 9 | 10 | 11 |
| \$40,000,000 - \$49,999,999 | 0 | 7 | 8 | 9 | 10 | 11 | 12 |
| \$50,000,000+ | 0 | 8 | 9 | 10 | 11 | 12 | 12 |

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