

**CITY OF WIXOM**

**INDUSTRIAL  
FACILITIES TAX  
PROGRAM**

**POLICY AND PROCEDURES**

Initially Adopted by City Council  
March 11, 1986  
Amended by City Council  
July 13, 2010

**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 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 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.**
- 2. 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.**
- 3. Multi-tenant facilities, non-owner occupied or speculative facilities will not be considered for tax abatement. Exceptions may be made for non-speculative multi-tenant facilities including manufacturing and research business incubators and advanced technology business clusters.**
- 4. The facility or project can not be dependent on the approval of any variances.**
- 5. 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.**
- 6. The applicant must meet all current financial obligations to the City and must be in compliance with all applicable State and local codes and ordinances.**
- 7. There can be no pending litigation against the City by the applicant or its agent, including but not limited to property tax assessment appeals.**
- 8. The applicant cannot have purchased or have entered into any agreement or commitment to purchase 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.**

9. 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.
10. Tax abatement requests for personal property will be considered only if the proposed investment in machinery and equipment exceeds \$1,000,000. The cost of new furniture and fixtures used in the normal course of business will not be considered as part of the abatement request. An exception to the minimum investment may be made in cases where the project involves emerging technologies.
11. 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 with circulation in 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.)

12. 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.
13. 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 stipulations made in 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, the filing fee to cover the cost of processing the application shall accompany the application.
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 projections, 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:
  - What benefits accrue to the City of Wixom based on the **type of business** of the applicant?
  - How would the proposed investment further the City's goal of



**diversification of its industrial base?**

- How would the proposed investment enhance the **image** of the City?
  - In what way could the proposed investment result in notable, future **growth** within the City?
  - How will the Walled Lake Consolidated School District and Oakland Technical Center **benefit** 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.

**LETTER OF AGREEMENT**

**BETWEEN**

**THE CITY OF WIXOM**

**AND**

**XXXXXXXX, INC.**

Re: Industrial Facilities Exemption Certificate Agreement

THIS AGREEMENT is executed between the **CITY OF WIXOM** (the "City") and **XXXX, Inc. ("XXXX")** including its successors, assigns, or any entity subsequently organized by the owners/incorporators of **XXXX** for the purpose of carrying out the business described herein, pursuant to the authority granted by and in satisfaction of the requirements of Section 22 of Michigan Public Act 198 of 1974, as amended ("Act 198"). **XXXX** has submitted an Application dated January 28, 2016 (the "Application"), to the City requesting approval of an Industrial Facilities Exemption Certificate (the "IFEC") pursuant to Act 198 for industrial real property (the "Exempt Property") to be located at **XXXX's** proposed facility at **XXXX Century Drive**, Wixom, Michigan 48393 (the "Facility"). The Application shall be deemed filed with the City Clerk for purposes of Sections 5(1) and 6 of Act 198 upon the establishment, pursuant to the provisions of Section 4 of Act 198, by the City Council of an Industrial Development District within which the Exempt Property will be located.

To encourage approval of the IFEC and in recognition of the investments the City will make toward the economic growth of **XXXX**, which in turn will benefit the City, **XXXX** agrees as follows:

1. General

a. **XXXX** will complete improvements within the Facility as set forth in the Application on or before November 1, 2016 (the "Project"). In accordance with the provisions of the Act, the City shall take any reasonable steps needed for the State Tax Commission to approve or issue the IFEC the Company has requested, including but not limited to sending the State Tax Commission, within seven days of the City Council's approval of the IFEC, all documents necessary for the State Tax Commission to issue the IFEC.

b. As a result of approval of the IFEC, **XXXX** intends to create 3 full-time jobs with a commitment to 3 full-time jobs at the Facility according to the following schedule:

As of December 30, 2016: 1  
As of December 30, 2017: 2  
As of December 31, 2018, and each December 31 thereafter during the life of the IFEC, **XXXX** plans to maintain these 3 new full-time jobs in the City.

For purposes of this Agreement, a “full-time job” means a job performed by an individual for consideration for 35 hours or more each week and for which the employer withholds income and social security taxes, and across all full-time jobs paying an Average Weekly Wage of at least \$750.00. For purposes of this Agreement, “Average Weekly Wage” shall have the same meaning as in the Michigan Economic Growth Authority Act (“MEGA Act”). To the extent permitted under Michigan law, including but not limited to Act 198, and to the extent it is consistent with **XXXX**’s business needs, **XXXX** will use good faith efforts to: 1) use City residents as its vendors for the project; 2) hire City residents for new jobs created by the project; and 3) advertise for the new jobs at the project in a newspaper that is sold in the City, as well as on the City’s website.

c. The IFEC will pertain solely to, and will include all the property as set forth in the Application (and any amendments or supplements) consisting of real property and leasehold personal property.

d. The City recommends that upon approval of the IFEC, **XXXX** will consider joining Automation Alley for business support, if not already a member.

## 2. Term of IFEC

Unless earlier revoked as provided in Act 198, the IFEC shall remain in force and effect for a period commencing with its initial effective date which is the immediately succeeding December 31 following the date the IFEC is issued by the Michigan State Tax Commission (the “Tax Commission”) and ending five (5) years thereafter.

## 3. Status Reports

a. Initial Status Report: **XXXX** shall submit a schedule to the City, not later than January 31st following the date the IFEC is issued by the Tax Commission, in a form acceptable to the City, which shall indicate as of the immediately preceding December 31 the number of full-time jobs created to date, the number of full-time jobs projected to be created and retained within the time period identified in paragraph 1, and an identification and explanation of any variations from the facts and representations set forth in the Application.

b. Annual Status Reports: **XXXX** shall submit an Annual Status Report to the City not later than the first anniversary of the filing of the Initial Status Report and annually thereafter until the expiration of the IFEC. The Annual Status Report shall be prepared in a form acceptable to the City, which shall indicate the number of full-time jobs created and retained as of December 31st of the year preceding the date of the report. The Annual Status Report will also include an explanation if full-time job creation and retention has not equaled or exceeded the numbers set forth in paragraph 1 hereof.

4. Shortfall of Jobs; Payment to City

If the number of full-time jobs created at the Facility as a result of the Project as of December 31st preceding the date of the Initial or Annual Status Report is less than the number of full-time jobs to be created as indicated in paragraph 1 above, **XXXX** shall pay to the City an amount equal to (i) one-half of the City's portion of **XXXX**'s 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 created full-time jobs indicated in paragraph 1 above. The shortfall of full-time jobs shall not be a basis for termination or revocation of the IFEC.

5. Location of Facility

In order for **XXXX** to continue to receive the benefits of the IFEC, **XXXX** must operate within the City. If **XXXX** moves the operation of the Facility outside of the City, **XXXX** shall repay to the City that percentage of the amount equal to one-half of the amount of the City's portion of the general property tax that would have been due if the IFEC had not been issued for each year that the IFEC was in effect, reduced by the amount of any payments made by **XXXX** pursuant to paragraph 4 of this Agreement, according to the following schedule:

<u>Years Following IFEC Effective Date</u>	<u>Portion of City Abated Taxes Repaid</u>
0-1	100%
2	75%
3	50%
4	25%
5	-0-

6. Representation

**XXXX** does not agree to maintain any specific level of employment for any period of time. **XXXX**'s sole obligation in the event of an employment shortfall is as defined in paragraph 4 of this Agreement. A proven breach of the representations and warranties made by **XXXX** herein shall be sufficient grounds for the City Council of the City to adopt a resolution requesting the Tax Commission to revoke the IFEC in accordance with Section 15(2) of Act 198. **XXXX** shall have all remedies available at law and in equity to prove that no such breach occurred including the right to have a judicial determination thereof.

7. Assessed Value

The City Assessor shall establish an initial taxable value (the “Base Value”) for the Exempt Property as and when completed and/or installed in accordance with Section 10 of Act 198. The Base Value and thereafter the assessed value and taxable value of the Exempt Property shall be established by the City Assessor in the reasonable exercise of the Assessor’s professional judgment in accordance with prevailing Tax Commission guidelines and methodologies for valuing personal property. XXXX agrees that it shall use good faith reasonable efforts to resolve any dispute over the assessment of the Exempt Property with the local taxing authorities prior to exercising its rights to appeal such assessment to the Michigan Tax Tribunal.

8. Unforeseen Events

By execution of this Agreement, it is understood that XXXX’s investment in the Project and the City’s investment in granting of the IFEC is to encourage economic growth and job creation within the City. The City acknowledges that in some instances, economic conditions may prevent XXXX from complying fully with this Agreement and the terms of the Application. The City will give XXXX an opportunity to explain the reasons for any variations from the representations contained in the Application and will evaluate XXXX situation prior to taking any action respecting revocation of the IFEC.

9. Fees; Expenses

The reasonable fees and expenses including legal and professional consulting fees, incurred by the City in connection with the consideration and approval of the Application for the IFEC, of forwarding the Application, if approved, to the Tax Commission, of forwarding this Agreement to the Michigan Department of Treasury, and of any other actions of the City in support of XXXX’s efforts to obtain the IFEC shall be payable by XXXX to the extent permitted by Act 198, provided that such fees and expenses shall not exceed \$1,000.

The City and XXXX, by the signatures of their authorized representatives below, swear and affirm that no payment of any kind in excess of the fees allowed by Act 198 has been made or promised in exchange for favorable consideration of XXXX’s Application.

10. Required Deposit; Bond

Once the requested Tax Abatement is approved by City Council and prior to notifying the State of Michigan of the City’s approval of the application for abatement, the applicant will post a bond with the City in an amount equal to the first year of IFT property taxes. This will be estimated using 50% of the current city tax rate times the taxable value which would result from the **total** amount of the approved investment, not just the anticipated first year investment if it is less than the total stated investment. The full amount of this deposit plus actual interest earned thereon, less any payment due under Section 4 of the Agreement plus a reasonable fee for the cost of implementing the collection of unpaid fees, special assessments or property taxes owed to the City at the time, will be returned to the applicant without interest at the termination of the IFT if the applicant is still located in the City, and if the applicant satisfactorily achieved at least

75% of the investment and job creation goals set forth in this agreement and if this level of achievement is present in the final year of the agreement.

11. Future Investment

If full-time jobs in addition to the targets set forth in paragraph 1 hereof involving activities related to the applicant's primary business are anticipated to be created by **XXXX** its successor or assign, or a third-party entity under contract with **XXXX** , or if any suppliers to **XXXX** , an entity functionally related to **XXXX**, or its or their successors or assigns, are considering expanding or locating within reasonable distance of the City, and if the City at that time is willing to assist with the inducement of any such enterprise or entity to locate in the City by approving an IFEC to the extent then permitted by Act 198, **XXXX** shall use good faith reasonable efforts to consider placing any such additional full-time jobs, any facility or plant employing such full-time jobs, or any such supplier to locate within the City. Reasonable efforts shall not require **XXXX** to locate in the City if, by doing so, it would in its judgment incur higher operating costs, provided that such higher operating costs are not insignificant in the reasonable judgment of management of **XXXX**. The parties acknowledge that while **XXXX**'s actions in this paragraph are dependent upon the City's actions, this paragraph does not impose any obligation on the City to grant tax abatement to any enterprise or entity.

12. Local School and Community Involvement

**XXXX** will 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 and support City of Wixom events and cultural initiatives, including that of the Wixom Community Foundation.

13. Effective Date of Agreement; Binding Nature

This Agreement shall become effective upon issuance by the Tax Commission of the IFEC covering the Project and shall be null and void and of no force or effect whatsoever unless the Tax Commission issues the IFEC to **XXXX** covering the Project and shall be null and void after the expiration of the IFEC; provided, however, that **XXXX**'s payment obligations to the City shall survive the termination of this Agreement. This Agreement shall be binding against **XXXX**, its successors, assigns, or any entity subsequently organized by the owners/incorporators of **XXXX** for the purpose of carrying out the business described herein, notwithstanding any failure or defect in the creation of the legal entity intended to enjoy the benefit of the IFEC. The acceptance of the IFEC by any such legal entity shall be conclusive evidence of the binding nature of this Agreement against such entity.

14. Severability Clause

This Agreement contains the entire agreement between the parties with respect to this matter and supersedes any prior agreements relating to the parties' contractual obligations to each other. In the event a Court of competent jurisdiction should find part of this agreement invalid, such holding shall not invalidate the other provisions of this Agreement. The Agreement may be amended only by written agreement signed by the parties.

15. Filing

This Agreement shall be filed with the Michigan Department of Treasury as required by Section 22 of Act 198.

16. Governing Law

The Agreement is governed by the laws of Michigan





STATE OF \_\_\_\_\_ )  
 ) SS  
COUNTY OF \_\_\_\_\_ )

The foregoing Agreement was acknowledged before by \_\_\_\_\_ and \_\_\_\_\_, the duly authorized \_\_\_\_\_ and \_\_\_\_\_ of the City of Wixom, on the \_\_\_\_\_ day of \_\_\_\_\_, A.D. \_\_\_\_\_.

\_\_\_\_\_  
Notary Public  
\_\_\_\_\_ County, \_\_\_\_\_  
My Commission Expires: \_\_\_\_\_