



CITY OF MUSKEGON HEIGHTS TAX ABATEMENT POLICY

Overview

A company that is in the planning phase of a major business attraction or expansion project that will include a capital investment in real and/or personal property may be eligible for a number of statutorily provided and locally approved tax incentives or abatements. The City of Muskegon Heights strives to apply these incentives with maximum return on investment for the developer and community. The process for requesting and receiving an eligible tax incentive for a development or expansion project has been simplified in the following policy guidelines and forms.

The City of Muskegon Heights maintains this policy with the objectives of:

- increasing employment
- diversifying and stabilizing the tax base
- encouraging expansion of existing businesses
- providing for improved housing and commercial amenities for the community
- enhancing economic development tools to attract and retain businesses

POLICY ELIGIBILITY CRITERIA:

1. A tax abatement shall not be granted until there is compliance with the associated state statute.
2. Leasehold property shall not qualify for a real property tax abatement unless applicant is responsible for payment of the property taxes, and can demonstrate timely payment of property taxes upon the City's request.
3. A tax abatement shall be issued for a term reflective of the scoring matrix.
4. A tax abatement shall not be issued unless an Applicant completes the attached application form and provides all necessary documents to ensure accurate scoring by the Tax Incentive Review Committee.

APPLICATION PROCESS:

Once a company has determined that it meets the minimum criteria for consideration of a tax abatement, then a company may begin the process of formally applying for the relevant incentive.

The process is as follows:

1. Letter of Intent submitted on applicant's letterhead to the City Manager. No improvements shall be considered for abatement if made or permitted prior to the approval of the abatement application.
2. Complete any relevant Michigan Department of Treasury Forms. Include with the form:
 - a. Cost Sheet for anticipated improvements in real property.
 - b. Lease Agreement showing building terms and applicants' tax liability (if applicable).

3. Submit application form and attachments to the City Manager.
4. The Tax Incentive Review Committee verifies completion and eligibility of Applicant's documents for submission and makes recommendation to the City Council regarding approval and length of the requested abatement.
5. City Council Public Hearings are scheduled.
6. City Council votes on establishment of the District and approval of the associated abatement (City Council may also vote to reject any application for abatement).
7. Resolution submitted to State Tax Commission for final approval and issuance of certificates where necessary.
8. Projected investment must be complete within two years or risk liability for any abated values

LENGTH OF THE TAX ABATEMENT:

The City Council has approved the use of the following matrices to calculate the length of the associated tax abatement.

Investment Amount	Recommended Years
\$10,000 - \$250,000	6
250,001 - \$500,000	7
\$500,001 - \$750,000	8
\$750,001 - \$1,000,000	9
\$1,000,001 - \$1,500,000	10
\$1,500,001 - \$2,000,000	11
\$2,000,001 +	12

Investment Amount	Recommended Years
\$50,000 - \$100,000	6
100,001 - \$250,000	7
\$250,001 - \$500,000	8
\$500,001 - \$1,000,000	9
\$1,000,001 - \$1,500,000	10
\$1,500,001 - \$2,000,000	11
\$2,000,001 +	12

Investment Amount	Recommended Years
\$10,000 - \$100,000	9
100,001 - \$200,000	10
\$200,001 - \$300,000	11
\$300,001 +	12

TAX ABATEMENT APPLICATION FEE:

The City Council has authorized the implementation of a non-refundable application fee of \$1,000.00 for Public Act 146, Public Act 255, and Public Act 210 abatement applications. Public Act 198 tax abatement applications carry a non-refundable application fee of \$1,500. Public Act 147 abatement application carry a non-refundable application fee of \$50.

REQUIREMENTS AFTER TAX ABATEMENT IS APPROVED:

Two years after the abatement is approved, the applicant will supply the City Manager with a letter confirming that the purchases, employment numbers, renovations, and/or other applicable cognates are complete. If these figures have not been reached, a letter of explanation must be submitted to the City Manager for review by City Council, which may then cancel the abatement, or offer a new abatement with reduced values and years. For assistance with your business attraction and retention needs, please contact the City Manager's Office at 231-733-8870. For assistance with the associated process and application, please contact the Planning Department at 231-733-8830.