

DELHI TOWNSHIP POLICY MANUAL

I. SUBJECT

INDUSTRIAL FACILITIES TAX (IFT) ABATEMENT

II. PURPOSE

To encourage the development of a diversified property tax base, the development of locally based employment opportunities, and the retention of existing industrial property tax base and jobs.

III. SCOPE

New and existing industrial facilities.

IV. POLICY

It is not the intent or policy of the Township Board to grant industrial facilities tax abatements under P.A. 198 simply because an existing or prospective business requests it. IFT's will be considered only when the following threshold conditions are met:

1. The proposed addition of improvements to real property (not including personal property) exceeds an SEV of \$1,000,000 (\$2,000,000 True Cash Value as determined by Township Assessor) for businesses not currently located in Delhi Township, or \$500,000 (\$1,000,000 TCV) for existing businesses; or
2. Within three (3) years more than 30 new jobs will be provided in conjunction with and directly as a result of real property improvements or personal property additions, those jobs having an average annualized compensation of \$30,000; or
3. The SEV of Personal Property additions is at least **\$125,000 (\$250,000 TCV)** for existing businesses and at least \$500,000 (\$1,000,000 TCV) for new businesses.

The Board also recognizes the expenditure of significant local tax dollars through the efforts of its Downtown Development Authority and expenditures of Sewer Fund money to provide sewer infrastructure necessary to make industrial tax base possible. Therefore, in areas where Delhi Township or the Delhi DDA has invested in or spent money to directly benefit the property requesting the IFT abatement, the amount SEV to be abated may be reduced to a point where the Township's expenditures are recouped. Alternatively, the Board may limit the requested IFT abatement to a maximum of six years.

If the preceding thresholds and conditions have been met, the Township Board will consider IFT abatement applications according to the following policy and procedures:

- A. **New and Existing Businesses.** Upon request, qualified industrial businesses existing in or entering Delhi Township shall be granted an IFT abatement if the following additional conditions are met:
1. Said business shall file a completed application on forms provided by the Michigan Department of Treasury, accompanied by a non-refundable payment of \$500 to Delhi Township. Additional out-of-pocket costs to Delhi Township incurred as a result of considering the application shall be reimbursed by the applicant prior to the granting of the IFT abatement.
 2. Delhi Township will determine that the necessary application has been satisfactorily completed, all fees paid, and the proposed industry meets the requirements of P.A. 198 and,
 3. Delhi Township must determine that locating the business applying for the IFT abatement in Delhi Township will not constitute a hardship to the Township and other units of government as a result of incurring additional costs from the provision of services and facilities, such as added fire protection capabilities, additional transportation facilities, sanitary sewer transport and treatment capacity, etc. Should the Township Board determine that a hardship would occur as a result of approving the abatement of taxes, the Board may reduce the period of the abatement or deny it altogether. The decision to reduce or deny shall be based on the discretionary authority granted to Delhi Township after the examination of the abatement request.
- B. **Business assuming occupancy of improved industrial property that has been vacant for at least one year.** Provided no hardship ("A. 3.") above has been determined, the Township Board will grant an IFT abatement on new SEV *without meeting the thresholds*, as long as the previous SEV of the occupied premises is not reduced as a result of that occupancy.
- C. **Letter of Agreement.** Prior to the approval of any abatement, the requesting business shall execute an agreement with Delhi Township that will obligate it or its successors to reimburse, according to the schedule set forth below, Delhi Township and all other units of government levying property taxes the amount of taxes abated if:
1. the business does not achieve the job creation goals within the amount of time specified and agreed to,
 - At the sole discretion of Delhi Township, this requirement may be held in abeyance if the parties negotiate a mutually acceptable alternative arrangement, which would be an amendment to the IFT performance agreement.
 2. if, within fifteen (15) years of having been granted the IFT abatement, the business relocates personal property covered by the IFT, reduces the number of

jobs it had (if an existing business) and/or promised to achieve as a condition of granting the IFT abatement.

- Reimbursement of the entire amount of abated taxes if the relocation or reduction occurs within 13 years of the granting of the abatement.
- Reimbursement of 2/3 of the amount of abated taxes if the relocation or reduction occurs within 14 years of the granting of the abatement.
- Reimbursement of 1/3 of the amount of abated taxes if the relocation or reduction occurs within 15 years of the granting of the abatement.

D. **Term of Abatement.** The term of IFT abatements granted shall conform to the following schedule:

**REAL PROPERTY
NEW BUSINESS**

<u>\$ VALUE OF SEV ABATED</u>	<u>TERM</u>
\$ 1,000,000	6 Years
1,500,000	8 Years
2,000,000	10 Years
2,500,000 or more	12 Years

**PERSONAL PROPERTY
NEW BUSINESS**

<u>\$ VALUE OF SEV ABATED</u>	<u>TERM</u>
\$ 500,000	Maximum of 12 years not to exceed the life of personal property based on the IRS Standard Depreciation Schedule

**REAL PROPERTY
EXISTING BUSINESS**

<u>\$ VALUE OF SEV ABATED</u>	<u>TERM</u>
\$ 500,000	6 Years
1,000,000	8 Years
1,500,000	10 Years
2,000,000 or more	12 Years

**PERSONAL PROPERTY
EXISTING BUSINESS**

<u>\$ VALUE OF SEV ABATED</u>	<u>TERM</u>
\$ 125,000	Maximum of 12 years not to exceed the life of personal property based on the IRS Standard Depreciation Schedule