

CITY OF MILAN

INDUSTRIAL FACILITIES TAX ABATEMENT PROGRAM GUIDELINES

Milan City Clerk
147 Wabash
Milan, MI 48160

Public Act 198 of 1974 (the Act) was enacted by the State of Michigan as an incentive program to stimulate economic growth. The City of Milan (the “City”) supports and encourages select industrial growth and development in the community through the use of the inducements included in this Act. The primary goal of this program is to provide an atmosphere that will encourage capital formation, investment and job creation in the community. The City will evaluate all tax abatement applications as to whether a proposed project can be expected to diversify and expand the City’s industrial tax base and whether spin-off effects occur such as additional employment and capital investments in other areas of the private sector. The proposed project must comply with the City’s master land use plan, environmental objectives, and all applicants must satisfy all of their current financial obligations to the City. This includes being in compliance with codes and ordinances, all water/sewer obligations and taxes due. The City also has the right to consider current and past litigation and/or appeals between the City and the applicant.

To qualify for an IFEC (tax abatement) the applicant must fall within the 21 industries as identified in the North American Industry Classification System (NAICS) sector for manufacturing. The subject property must be within an approved Industrial Development District (IDD). A completed State Tax Commission form 1012 must be submitted, along with the required fee according to the City of Milan Official Fee Schedule. The City Clerk will schedule a public hearing, with the appropriate public notices being displayed.

A tax abatement shall not exceed the term of a lease, the useful life of a piece of equipment or twelve (12 years), as provided by the Act. The City Council shall consider the investment in the community, number and type of jobs created and overall effect on the financial health of the community. An IFEC Letter of Agreement (required by the Act), outlining specific performance criteria, and an Affidavit of Fees must be signed by the applicant prior to the IFEC application being submitted to the City Council. Violation of any condition specified in the IFEC Letter of Agreement, may be cause for the City to revoke the IFEC Certificate and demand full repayment of any and all taxes abated.

The City Council may use the following standards in determining the length of an IFT:

TOTAL PROPERTY INVESTMENT

\$500,000-\$4,999,999
\$5,000,000-\$9,999,999
\$10,000,000-\$19,999,999
\$20,000,000-\$29,999,999
\$30,000,000-\$39,999,999
\$40,000,000-\$49,999,999
\$50,000,000-\$74,999,999
\$75,000,000+

RECOMMENDED TERM

5 years
6 years
7 years
8 years
9 years
10 years
11 years
12 years

JOBS CREATED

1-10
11-25
26-50
51+

1 year
2 years
3 years
4 years

OTHER CRITERIA

High Tech
Health Insurance for Employees
LEEDS Construction
Solar/Wind Power

1 year
1 year
1 year
1 year

These standards are not meant to be all-inclusive. The City Council may, at its sole discretion, utilize other criteria that it feels is in the best interest of the City. In no case shall the total number of years exceed twelve(12) years as provided by the ACT.

Revised: April 4, 2007