

GUIDELINES

1. Goals and Objectives of Act 198

This document is designed to summarize the policies and procedures adopted by the Township of Holland effective July 17, 2009, and as subsequently amended, with regard to the rehabilitation of existing obsolete industrial facilities and the construction of new and expanded industrial facilities under Act 198 of the public Acts of 1974, as amended.

Act 198, the Plant Rehabilitation and Industrial Development Districts Act, was adopted in the State of Michigan as a means of providing a stimulus in the form of significant tax incentives to industry for the purpose of creating new jobs and maintaining existing jobs. It allows an obsolete plant, when replaced or restored, to have its assessed value frozen at the level prior to the improvement for a maximum period of twelve years; and new plants to receive a fifty percent exemption from property tax on the taxable value of new real and personal properties, also for the maximum period of twelve years. It is within the discretion of the Township Board to approve abatement certificates for a period of less than twelve (12) years.

The responsibility of Board of the Charter Township of Holland is to establish plant rehabilitation districts and industrial development districts, and to approve the granting of exemption certificates. The Board must find that the granting of the exemption certificate, when considered together with other certificates previously granted, will not substantially impede “the operation of the local government unit or impair the financial soundness of a taxing unit...” prior to granting the exemption certificate.

The Township Board’s desire is to provide opportunity for industrial development and expansion which results in the creation of additional jobs for its residents. However, effective December 19, 2014, the Township has put a moratorium on receiving industrial Personal Property applications under Act 198.

The Township Board will evaluate all Act 198 applications using the following criteria applied equally in the review of applications from both local and out-of-town firms:

- The project may expand the Township’s tax base and employment in the Township.
- The development of the proposed industrial facilities will compliment the Township’s land use and environmental objectives.
- The applicant meets current financial obligations to the Township.
- The applicant is currently in compliance with applicable Township ordinances and other statutory provisions, or has received approval of a plan designed to bring the company into compliance with said ordinances or statutory provisions.
- Promoted industrial growth can and will provide economic stimulus to our local economy.

The above-mentioned criteria are not intended to be exhaustive. The Township reserves the right to consider such additional goals and criteria which are intended or set forth under the goals and policies of Act 198 and which are consistent with the general health, safety, and welfare of the Charter Township of Holland.

2. Procedure for Establishment of an Industrial Development District or Plant Rehabilitation District

Applicants requesting establishment of an Industrial Development District or Plant Rehabilitation District must submit a request, along with a non-refundable \$700 filing fee, to the Township Manager or Clerk to establish an Industrial Development District.

In keeping with the provisions of Act 198, applications for the establishment of Industrial Development Districts or Plant Rehabilitation Districts shall be filed and approved prior to the start of construction or installation of equipment and/or machinery.

An applicant for a plant rehabilitation district and certificate for a replacement facility must comply with the provisions of Act 198, including the obsolete industrial property test as set forth in the statute. Unless extraordinary evidence is submitted by the applicant clearly setting forth evidence satisfying the objectives of Act 198, a plant rehabilitation district or certificate for a replacement facility will not be granted for construction on vacant noncontiguous land as set forth in Section 2 (3) (b) of the Act.

A public hearing will be scheduled by the Township Board to consider the request. The applicant will be notified of the date of the hearing and proper legal notices will be mailed and published.

3. Industrial Facilities Exemption Certificate Application

If the establishment of a district is approved, or if a district has been previously established, the applicant may proceed with an application for an Industrial Facilities Exemption Certificate. The applicant must file three copies of the Application for Industrial Facilities Exemption Certificate with the Holland Charter Township Clerk along with a nonrefundable \$1,250 filing fee. The filing fee covers, in part, costs of processing the application by Township's administrative staff, legal fees, and expenses incurred by the Township for publishing appropriate notices. The fee may be amended from time to time by resolution of the Township Board.

Effective December 19, 2014, the Township has put a moratorium on receiving industrial Personal Property applications under Act 198. The Township will not accept applications for Personal Property or applications which have Personal Property in addition to Real Property. The Township will accept 198 applications for Real Property if properly submitted. The moratorium is in place for an indefinite period.

An application for an exemption certificate must be filed within six months after the commencement of the restoration, replacement or construction of the facility; otherwise, it cannot be considered for approval.

The Township is required to review the impact of the proposed project on public services. The Company shall submit any supplemental information necessary for this review, including, but not limited to the following: roads, storm sewers, sanitary sewers, water, electric, police, fire, zoning, etc.

After the Clerk has received the application for an exemption certificate, the application will be referred to the Holland Charter Township staff and the Township Attorney for review and preparation of required documents. The matter will then be placed on the Board's agenda, with the applicant notified, hearing scheduled, and appropriate notices mailed.

Final approval of the exemption certificate will be decided by the Holland Charter Township Board. The Board may exercise its discretion to determine the length of the Act 198 Certificate.

4. Transfers

The transfer of an existing certificate by the holder of a Certificate to a new location, owner, or lessee requires the filing of a complete application for a transfer Industrial Facilities Exemption Certificate, payment of the full \$1,250 fee, and approval by the Township Board after the appropriate public hearing.

5. Speculative Buildings

A speculative building is defined as "a building and the machinery, equipment, furniture, and fixtures within that was constructed as a manufacturing facility before the identity of the tenant/operator was known". The legislative body of the local governmental unit must approve the property as a speculative building under PA 198 by formal resolution. This action would enable a future tenant or operator of a manufacturing business to apply for an Industrial Facilities Exemption Certificate; provided that the speculative building was constructed less than 9 years before the filing of the application for the Industrial Facilities Exemption Certificate, the speculative building has not been occupied since completion of construction, and the speculative building otherwise qualifies under state law for an Industrial Facilities Exemption Certificate. This resolution is in addition to the establishment of an Industrial Development District. The resolution establishing the building as a speculative building must be adopted within six (6) months after the commencement of the facility. In addition, an Industrial Facilities Exemption Certificate issued for a speculative building shall remain in effect for a period to be determined by the legislative body of the local government unit and commencing on the effective date of the certificate and ending not more than 11 years after the effective date of the certificate.

Applicants requesting a speculative building designation must submit to the Township Clerk their request in writing along with a non-refundable \$500 filing fee.

6. Deadlines

Applications for Industrial Facilities Exemption Certificates may be submitted to and considered by Holland Charter Township at any time during the calendar year. However, in order for a certificate to be considered and approved by the State Tax Commission by December 31 of any given year the application should be approved by the Township Board on or before the second meeting of October.