

September 2011

Industrial Tax Abatement Application Information

The following information is provided in response to your question of available tax abatements for your industrial company. Tax abatements are available pursuant to Public Act 198 of 1974, as amended, pertaining to eligible industries. According to this Michigan statute, the request for an abatement will require a public hearing prior to establishing the district and a public hearing prior to issuing an industrial facility exemption certificate.

For your review, attached please find a copy of the CITY OF PORTAGE INDUSTRIAL TAX ABATEMENT INCENTIVE POLICY that was adopted City Council. The Portage City Council adopted this policy in April 2008 and established a maximum six-year abatement period for real property and a maximum three-year abatement period for personal property with one, three year extension as may be approved by City Council. The Michigan Department of Treasury application (form 1012) and Personal Property Statement (form 632) are also attached for use with your tax abatement request.

If you wish to apply for an Industrial Development District and an Industrial Facility Exemption Certificate, you must submit the following:

1. A "Letter of Request" to the Mayor and City Council that explains your proposed project. Also, please indicate:
 - a) the average annual salary of the job or jobs that are expected to be created and retained within two years of project completion; and
 - b) in a notarized statement that the eligible industry is in compliance with applicable environmental requirements and whether or not the eligible industry is under any enforcement action by the Michigan Department of Natural Resources and Environment or US Environmental Protection Agency.
2. Attach an original and four copies of the State of Michigan Department of Treasury form 1012 and form 632, as applicable.
3. Attach a legal description, site plan drawing and survey of the proposed district (on 8-1/2 inch by 11 inch paper). The information must clearly show the property and the facility. The proposed district must conform to the building foundation outline of the industrial facility. Attach a copy of the City of Portage resolution establishing the district, if the district has been created. As applicable, provide a copy of the real property/facility and or personal property/equipment lease(s).
4. Any additional information with the application to the City Clerk. The application fee of 2 percent of the total property taxes abated or \$1,800.00 whichever is less, is required to be paid at the time the application is filed with the City Clerk.

Your interest in the City of Portage is appreciated. If you have any questions, or need assistance, you may contact me (329-4477), James Bush, City Assessor (329-4433), or James Hudson, City Clerk (329-4511).

Sincerely,



Vicki Georgeau, AICP
Director

CITY OF PORTAGE INDUSTRIAL TAX ABATEMENT INCENTIVE POLICY

The City of Portage encourages the growth and development of the local industry and business tax base, the creation of additional job opportunities for community residents and desires to continue to provide incentives for industry and business expansion. The City Council also recognizes the essential responsibility to the community to maintain the array of public services necessary to ensure the high quality of life that exists in Portage. To facilitate tax base expansion and to fulfill these responsibilities, the City Council hereby establishes this City of Portage Industrial Tax Abatement Incentive Policy.

The City of Portage is *A Place for **Business Opportunities to Grow!*** To continue to be a community in which growth and development can prosper, the following attributes important to all industries and businesses will be maintained:

- **Low Tax Rate.** The maintenance of the lowest feasible tax rate compared to other full-service cities is essential to economic development and will facilitate expansion and job creation: A very competitive City of Portage tax rate will be continued.
- **Utility Service Rates.** The maintenance of competitive utility rates is also important to provide opportunities for continued growth and development: Cost effective rates and the efficient delivery of utility services by the City of Portage will be continued.
- **Capital Improvements.** Investments in existing public street, water and sewer infrastructure and the expansion of these public systems are necessary and will encourage additional private sector investment: The annual 10-year Capital Improvement Program budget will continue to reflect essential public improvements within the community.
- **Quality of Life Investments.** To provide opportunities for industry and business expansion and to ensure high quality of life standards, public safety, business and neighborhood services, cultural and recreational programming and related community attributes must be maintained: Quality of life investments will be continued by the City of Portage to foster a safe, *Living, Working and Learning* community.

In addition to these important locally-determined economic development and growth factors, the City Council will offer eligible industries and businesses the opportunity to apply for property tax abatements under Michigan Statute in order to induce further private sector investment in the community.

Inquiries concerning this policy can be directed to the Office of the City Clerk (269.329.4511), Office of the City Assessor (269.329.4431) or the Department of Community Development (269.329.4477), in Portage City Hall, 7900 South Westnedge Avenue, Portage, Michigan 49002.

PA 198 Plant Rehabilitation and Industrial Development District Policy Review Criteria

The City Council will consider economic inducements in the context of tax abatement applications received under Michigan statute based on the following general policy criteria and more specific tax abatement provisions. These standards will be equally applied during the review of abatement applications from eligible local and out-of-town industries and businesses.

- *The project will promote diversification of the City of Portage economy and tax base;*
- *The project will promote revitalization of aging and/or obsolete buildings and facilities;*
- *The project for which the tax abatement is requested will provide a diverse employment base for the workforce;*
- *The development or redevelopment of a proposed industrial facility or the revitalization of an existing business facility will be consistent with community land use objectives and environmental objectives.*
- *The expanded or new industrial facility or the revitalized commercial facility can be accommodated by present and/or future requirements for city services including roads, public utilities and public safety;*
- *The applicant meets current financial obligations to the city and is in compliance with all applicable statutes and city ordinances;*
- *The applicant has no pending or current litigation against the city (including appeals to the Michigan Tax Tribunal);*
- *A public purpose would be served (i.e. to expand the tax base, promote income growth and capital investment in the community, to develop/expand technology, advance manufacturing, life science and other targeted business with an anticipated future growth, create new/retain existing jobs, as well as any applicable multiplier effects of additional employment associated with a projects);*
- *City Council finds that the project impacts including benefits, costs and environmental impacts of the proposed industrial facility will benefit the community and will not result in the impairment of the operation, or the financial soundness, of any taxing jurisdiction.*

The above-mentioned criteria are not intended to be exhaustive and the Portage City Council reserves the right to consider such additional criteria, which are intended under these goals and objectives, that promote the general health, safety, and welfare principles of the City of Portage. Periodic review of this policy will be necessary to ensure consistency with the community objectives and needs.

Industrial Tax Abatement Application Information

The following sections reference the framework for processing and considering industrial tax abatement applications as provided under Public Act 198 of 1974, Plant Rehabilitation and Industrial Development Districts Act, as amended. This policy, these procedures and related provisions will assist the industrial community in the continuing effort to contribute to the health and vibrancy of the City of Portage. The following sections address --

1. **Process for Consideration of an Industrial Development or Plant Rehabilitation District Application**
2. **Process for Consideration of an Industrial Facilities Exemption Certificate Application**
3. **Industrial Tax Abatement Incentive Provisions**
4. **Industrial Project Reporting/Monitoring Provisions**
5. **Transfer of an Industrial Facilities Exemption Certificate and Certificate Revocation Provisions**
6. **Final Project Cost Differences Provisions**
7. **Time Extensions for Facility Completion Provisions**
8. **Dissolving an Industrial Development or a Plant Rehabilitation District Provisions**

1. Process for Consideration of an Industrial Development District or Plant Rehabilitation District Application

Applicants requesting establishment of an industrial development district or plant rehabilitation district must file with the City Clerk a --

- Letter of request and four copies of the current Michigan Department of Treasury Form 1012 (attached).
- Legal description, site plan and survey of the proposed district (on 8-1/2 inch by 11 inch paper), which will conform to the building foundation outline of the industrial facility. For personal property, a complete listing is to be provided using the allocation categories specified within the current Michigan Department of Treasury Form 632, Personal Property Statement (attached). As applicable, provide a copy of the real property/facility and or personal property/equipment lease(s).
- Average annual salary of the job(s) expected to be created and retained within two years of project completion.
- Notarized statement that the company is in compliance with applicable environmental requirements and whether or not the company is under enforcement action by the Michigan DEQ or US EPA.
- The filing fee is \$1,800, or two percent of the total property taxes abated under the act for the term that the industrial facilities exemption certificate is in effect, whichever is less, as specified by statute. (The fee covers, in part, costs of processing the application, including legal costs, publication expenses, document retention and associated costs.)

Consistent with statutory provisions, applications for the establishment of an industrial development or plant rehabilitation district shall be filed and can only be approved prior to the commencement of construction, alteration, or installation of, or of an acquisition related to, the proposed replacement facility or new facility. Also, all additional statutory requirements of PA198 of 1974, as amended, applicable to establishment of an industrial development or plant rehabilitation district must be fulfilled.

A public hearing will be scheduled by City Council to consider the application. The applicant will be notified of the date of the hearing and proper legal notices will be prepared, mailed and published by the City Clerk. The applicant must attend the public hearing for the establishment of the district.

Final approval on the establishment of the district will be decided by City Council. The application will be reviewed by the Portage City Administration and a report will be prepared for City Council.

The report will specifically review the impacts of the proposed project on the community, which will include a --

- Project impact analysis, which will examine benefits and costs of the proposed facility;
- Preliminary environmental assessment, which will examine the availability of utilities, relevant environmental conditions, land and water resources that may be affected including impacts on adjacent properties; and
- Property tax analysis, which will estimate taxes received by affected taxing units with and without the abatement and the total abatement valuation percentage approved in the city.

2. Process for Consideration of an Industrial Facilities Exemption Certificate Application

For applicants that have filed an application to create a new district, and the establishment of the new district is approved, the application will immediately proceed to consideration of the industrial facilities exemption certificate.

For applicants wishing to file an application for an additional industrial facilities exemption certificate within an existing district, the applicant must file a --

- Letter of request and four copies of the applicable Michigan Department of Treasury Form 1012 (attached) to the Office of the City Clerk.
- Legal description, site plan and survey of the proposed district (on 8-1/2 inch by 11 inch paper), which will conform to the building foundation outline of the industrial facility. For personal property, a complete listing is to be provided using the allocation categories specified within the current Michigan Department of Treasury Form 632, Personal Property Statement (attached). As applicable, provide a copy of the real property/facility and or personal property/equipment lease(s).
- Average annual salary of the job(s) expected to be created and retained within two years of project completion.
- Notarized statement that the company is in compliance with applicable environmental requirements and whether or not the company is under enforcement action by the Michigan DEQ or US EPA.
- Copy of the Portage resolution establishing the industrial development or plant rehabilitation district.
- The filing fee is \$1,800, or two percent of the total property taxes abated under the act for the term that the industrial facilities exemption certificate is in effect, whichever is less, as specified by statute. (The fee covers, in part, costs of processing the application, including legal costs, publication expenses, document retention and associated costs.)

Consistent with statutory provisions, applications for the consideration of an industrial facilities exemption certificate shall be filed within six months after the commencement of the restoration, replacement, or construction of the facility. Also, all additional statutory requirements of PA198 of 1974, as amended, applicable to the approval and granting of an industrial facilities exemption certificate must be fulfilled.

Prior to consideration of a certificate application by City Council, the statute requires the applicant to enter into a written tax abatement agreement with the City of Portage that includes conditions to be fulfilled during the period of the tax abatement. The applicant is also required to sign an affidavit with regard to fees concerning any payments made to the city. The agreement and affidavit will be provided by the city.

A public hearing will be scheduled by City Council to consider the application. The applicant will be notified of the date of the hearing and proper legal notices will be prepared, mailed and published by the City Clerk. The applicant must attend the public hearing for the industrial facilities exemption certificate.

Final approval of the certificate will be decided by City Council not more than 60 days after receipt of the application by the City Clerk. For applicants filing an application for an additional certificate within an existing district, the application will be reviewed by the Portage City Administration and a

report prepared for City Council. The report will specifically review the impacts of the proposed project on the community, which will include a --

- Project impact analysis, which will examine benefits and costs of the proposed facility;
- Preliminary environmental assessment, which will examine the availability of utilities, relevant environmental conditions or land and water resources that may be affected including impacts on adjacent properties; and
- Property tax analysis, which will estimate taxes received by affected taxing units with and without the abatement and the total abatement valuation percentage approved in the city.

3. Industrial Tax Abatement Incentive Provisions

The following incentives are considered inducements to encourage eligible industrial investment in the community.

1. An industrial development district or plant rehabilitation district may be established and an industrial facilities exemption certificate may be recommended for approval only when the new or replacement facility is located --
 - a) within the general industrial areas identified in the Portage Comprehensive Plan, Future Land Use Plan map; and
 - b) where municipal water and sewer utility services are available, or the utilities will be extended to the proposed industrial facility, and the proposed industrial facility will be, upon completion, connected to municipal services.
2. The term of an Industrial Facility Exemption Certificate for a project involving real property improvements within new or replacement facilities will be **up to six years**, except as may be increased by City Council consistent with the following Number 3.
3. City Council may grant one additional **up to three year time period** to an applicant that proposes to locate in an underutilized industrial facility that has been vacant for more than one year. (This additional period of time is not applicable to an existing industry that relocates from an existing industrial facility in Portage to the underutilized facility, except that an expansion into an underutilized facility may qualify for the additional three year period.)
4. The term of an Industrial Facility Exemption Certificate for a project involving personal property improvements within new or replacement facilities will be **up to three years**. The City Council may grant one additional up to three year time period to an applicant that locates in an underutilized industrial facility consistent with Number 3 above.
5. There will be no tax abatement incentives provided for office equipment. The City Assessor will determine which equipment will be considered office equipment.
6. Industrial Development Districts will not be established for speculative buildings.
7. Consistent with statutory provisions that allow additional abatement periods, but limits the total abatement periods to 12 years, the owner, or lessee of the new or replacement facility may, within the final year in which the certificate is effective, apply for one additional certificate, the time period of which will not exceed three additional years. In considering the request, the City Council may approve the additional period if the applicant has fulfilled all of the terms of the original tax abatement agreement and exceeds either of --

- a) The number of new jobs promised or the number of jobs retained, or
- b) The estimated project cost (investment) as indicated in the initial industrial facilities exemption certificate application,

and the additional abatement period does not impair the operation, or the financial soundness, of any local taxing jurisdiction.

4. Industrial Project Reporting/Monitoring Provisions

Consistent with the terms of the tax abatement agreement, an industrial facilities exemption certificate holder must submit an annual project performance report to the City Clerk on or before July 1 of each year for the term of the agreement. The City Assessor will prepare a summary of all active tax abatement certificates for information, follow-up and monitoring.

City Council will receive the official report from each certificate holder that sets forth the progress in attaining and maintaining the requirements of the tax abatement agreement and the provisions of the certificate application.

In the event that the annual project performance report is not received by the City Clerk and/or the City Council finds that the certificate holder is not in compliance with the commitments made in the tax abatement agreement, City Council may take action to request revocation of the certificate from the State Tax Commission in a manner consistent with PA198 of 1974, as amended.

All annual reports from certificate holders will be available for public inspection at the Office of the City Clerk and on the City of Portage website at www.portagemi.gov.

Consistent with statutory provisions, if the taxes applicable to real property are not timely paid, and after notice and service upon the owner of a certificate of nonpayment, the industrial facilities exemption certificate will be automatically terminated as provided in PA198 of 1974, as amended.

5. Transfer of an Industrial Facilities Exemption Certificate and Certificate Revocation Provisions

The transfer of an existing industrial facilities exemption certificate by the holder of a certificate to a new owner or lessee requires the filing of an application for an industrial facilities certificate, payment of the established filing fee, public hearing, approval by City Council and approval by the State Tax Commission. The application will be processed in the same manner as an industrial facilities exemption certificate application as provided in PA198 of 1974, as amended.

The revocation of an existing industrial facilities exemption certificate will be considered by the City Council and a resolution requesting that the State Tax Commission revoke the certificate if:

- a) The proposed industrial facility has not been completed within two years after the effective date of the industrial facilities exemption certificate; or
- b) The purpose for which the certificate was issued is not being fulfilled as a result of a failure of the certificate holder to proceed in good faith with the replacement, restoration, construction, or operation of the industrial facility.

6. Final Project Cost Differences Provisions

Consistent with the Administrative Rules of the State Tax Commission, if the final project cost will be greater by more than 10 percent of the total estimated amount specified in the industrial facilities exemption certificate application as originally approved, the applicant must file a letter of request with the City Clerk requesting approval of the revised amount. The letter must indicate the original costs, the revised costs and provide an explanation. This procedure cannot be used to expand the

scope of the project as originally approved. City Council will review the request and if a resolution is adopted that approves the revised costs, the certificate holder can request that the State Tax Commission issue a revised certificate.

7. Time Extensions for Facility Completion Provisions

Consistent with the Administrative Rules of the State Tax Commission, if the certificate holder finds that the project will not be finished by the time originally indicated on the approved application, the applicant must file a letter of request with the City Clerk requesting approval of the extension. The letter must state the original completion date, the revised completion date and provide an explanation. City Council may approve, disapprove, or may approve a revised certificate ending date. It is the City Council policy to approve a time extension with no change in the ending date to the original certificate, unless there are extenuating circumstances presented by the applicant that are acceptable. City Council will review the request and if a resolution is adopted that approves the time extension request, the certificate holder can request that the State Tax Commission grant an extension.

8. Dissolving an Industrial Development District or a Plant Rehabilitation District Provisions

City Council may, upon its own initiative, abolish a district if the Industrial Facilities Exemption Certificate application is not filed within two years of the date that City Council established the district, or if the applicable certificate is no longer in effect, or if the applicable certificate has been revoked by the State Tax Commission. Prior to dissolution of the district, a public hearing will be held by City Council. The City Clerk will provide written notice of the public hearing, by certified mail, to the owner of record of the property within the district, to the applicant who originally submitted the industrial development district or plant rehabilitation district application and to the affected taxing jurisdictions. If City Council adopts a resolution that dissolves the district, the City Clerk will forward the resolution to the State Tax Commission.

Attachments: Michigan Department of Treasury form 1012
Michigan Department of Treasury form 632

DATE OF ADOPTION BY CITY COUNCIL: APRIL 29, 2008

Application for Industrial Facilities Tax Exemption Certificate

Issued under authority of Public Act 198 of 1974, as amended. Filing is mandatory.

INSTRUCTIONS: File the original and two copies of this form and the required attachments (three complete sets) with the clerk of the local government unit. The State Tax Commission (STC) requires two complete sets (one original and one copy). One copy is retained by the clerk. If you have any questions regarding the completion of this form or would like to request an informational packet, call (517) 373-3272.

To be completed by Clerk of Local Government Unit	
Signature of Clerk	▶ Date received by Local Unit
STC Use Only	
▶ Application Number	▶ Date Received by STC

APPLICANT INFORMATION

All boxes must be completed.

▶ 1a. Company Name (Applicant must be the occupant/operator of the facility)	▶ 1b. Standard Industrial Classification (SIC) Code - Sec. 2(10) (4 or 6 Digit Code)	
▶ 1c. Facility Address (City, State, ZIP Code) (real and/or personal property location)	▶ 1d. City/Township/Village (indicate which)	▶ 1e. County
▶ 2. Type of Approval Requested <input type="checkbox"/> New (Sec. 2(4)) <input type="checkbox"/> Transfer (1 copy only) <input type="checkbox"/> Speculative Building (Sec. 3(8)) <input type="checkbox"/> Rehabilitation (Sec. 3(1)) <input type="checkbox"/> Research and Development (Sec. 2(9))	▶ 3a. School District where facility is located	▶ 3b. School Code
	4. Amount of years requested for exemption (1-12 Years)	

5. Per section 5, the application shall contain or be accompanied by a general description of the facility and a general description of the proposed use of the facility, the general nature and extent of the restoration, replacement, or construction to be undertaken, a descriptive list of the equipment that will be part of the facility. Attach additional page(s) if more room is needed.

6a. Cost of land and building improvements (excluding cost of land)..... * Attach list of improvements and associated costs. * Also attach a copy of building permit if project has already begun.	▶ _____ Real Property Costs
6b. Cost of machinery, equipment, furniture and fixtures..... * Attach itemized listing with month, day and year of beginning of installation, plus total	▶ _____ Personal Property Costs
6c. Total Project Costs * Round Costs to Nearest Dollar	▶ _____ Total of Real & Personal Costs

7. Indicate the time schedule for start and finish of construction and equipment installation. Projects must be completed within a two year period of the effective date of the certificate unless otherwise approved by the STC.

	<u>Begin Date (M/D/Y)</u>	<u>End Date (M/D/Y)</u>		
Real Property Improvements ▶	_____	_____	▶	<input type="checkbox"/> Owned <input type="checkbox"/> Leased
Personal Property Improvements ▶	_____	_____	▶	<input type="checkbox"/> Owned <input type="checkbox"/> Leased

▶ 8. Are State Education Taxes reduced or abated by the Michigan Economic Development Corporation (MEDC)? If yes, applicant must attach a signed MEDC Letter of Commitment to receive this exemption. Yes No

▶ 9. No. of existing jobs at this facility that will be retained as a result of this project. ▶ 10. No. of new jobs at this facility expected to create within 2 years of completion.

11. Rehabilitation applications only: Complete a, b and c of this section. You must attach the assessor's statement of SEV for the entire plant rehabilitation district and obsolescence statement for property. The Taxable Value (TV) data below must be as of December 31 of the year prior to the rehabilitation.

a. TV of Real Property (excluding land) _____

b. TV of Personal Property (excluding inventory) _____

c. Total TV _____

▶ 12a. Check the type of District the facility is located in:
 Industrial Development District Plant Rehabilitation District

▶ 12b. Date district was established by local government unit (contact local unit) ▶ 12c. Is this application for a speculative building (Sec. 3(8))?
 Yes No

APPLICANT CERTIFICATION - complete all boxes.

The undersigned, authorized officer of the company making this application certifies that, to the best of his/her knowledge, no information contained herein or in the attachments hereto is false in any way and that all are truly descriptive of the industrial property for which this application is being submitted.

It is further certified that the undersigned is familiar with the provisions of P.A. 198 of 1974, as amended, being Sections 207.551 to 207.572, inclusive, of the Michigan Compiled Laws; and to the best of his/her knowledge and belief, (s)he has complied or will be able to comply with all of the requirements thereof which are prerequisite to the approval of the application by the local unit of government and the issuance of an Industrial Facilities Exemption Certificate by the State Tax Commission.

13a. Preparer Name	13b. Telephone Number	13c. Fax Number	13d. E-mail Address
14a. Name of Contact Person	14b. Telephone Number	14c. Fax Number	14d. E-mail Address
▶ 15a. Name of Company Officer (No Authorized Agents)			
15b. Signature of Company Officer (No Authorized Agents)		15c. Fax Number	15d. Date
▶ 15e. Mailing Address (Street, City, State, ZIP Code)		15f. Telephone Number	15g. E-mail Address

LOCAL GOVERNMENT ACTION & CERTIFICATION - complete all boxes.

This section must be completed by the clerk of the local governing unit before submitting application to the State Tax Commission. Check items on file at the Local Unit and those included with the submittal.

▶ 16. Action taken by local government unit <input type="checkbox"/> Abatement Approved for ____ Yrs Real (1-12), ____ Yrs Pers (1-12) After Completion <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Denied (Include Resolution Denying)	16b. The State Tax Commission Requires the following documents be filed for an administratively complete application: Check or Indicate N/A if Not Applicable <input type="checkbox"/> 1. Original Application plus attachments, and one complete copy <input type="checkbox"/> 2. Resolution establishing district <input type="checkbox"/> 3. Resolution approving/denying application. <input type="checkbox"/> 4. Letter of Agreement (Signed by local unit and applicant) <input type="checkbox"/> 5. Affidavit of Fees (Signed by local unit and applicant) <input type="checkbox"/> 6. Building Permit for real improvements if project has already begun <input type="checkbox"/> 7. Equipment List with dates of beginning of installation <input type="checkbox"/> 8. Form 3222 (if applicable) <input type="checkbox"/> 9. Speculative building resolution and affidavits (if applicable)
16a. Documents Required to be on file with the Local Unit Check or Indicate N/A if Not Applicable <input type="checkbox"/> 1. Notice to the public prior to hearing establishing a district. <input type="checkbox"/> 2. Notice to taxing authorities of opportunity for a hearing. <input type="checkbox"/> 3. List of taxing authorities notified for district and application action. <input type="checkbox"/> 4. Lease Agreement showing applicants tax liability.	
16c. LUCI Code	16d. School Code
17. Name of Local Government Body	▶ 18. Date of Resolution Approving/Denying this Application

Attached hereto is an original and one copy of the application and all documents listed in 16b. I also certify that all documents listed in 16a are on file at the local unit for inspection at any time.

19a. Signature of Clerk	19b. Name of Clerk	19c. E-mail Address
19d. Clerk's Mailing Address (Street, City, State, ZIP Code)		
19e. Telephone Number	19f. Fax Number	

State Tax Commission Rule Number 57: Complete applications approved by the local unit and received by the State Tax Commission by October 31 each year will be acted upon by December 31. Applications received after October 31 may be acted upon in the following year.

Local Unit: Mail one original and one copy of the completed application and all required attachments to:

**State Tax Commission
Michigan Department of Treasury
P.O. Box 30471
Lansing, MI 48909-7971**

(For guaranteed receipt by the STC, it is recommended that applications are sent by certified mail.)

STC USE ONLY				
▶ LUCI Code	▶ Begin Date Real	▶ Begin Date Personal	▶ End Date Real	▶ End Date Personal

Instruction for Completing Form 1012, Industrial Facilities Tax Exemption (IFT) Application

The completed original application form 1012 and all required attachments, plus two additional copies, **MUST** be filed with the clerk of the local unit of government where the facility is or will be located. Complete applications must be received by the State Tax Commission by October 31 to ensure processing and certification for the following tax year. Applications received after the October 31 deadline will be processed as expeditiously as possible.

Please note that attachments listed on the application in number 16a are to be retained by the local unit of government, and attachments listed in number 16b are to be included with the application when forwarding to the State Tax Commission (STC).

(Before commencement of a project the local unit of government must establish a district, or the applicant must request in writing a district be established, in order to qualify for an IFT abatement. Applications and attachments must be received by the local unit of government within six months of commencement of project.)

The following information is required on separate documents attached to form 1012 by the applicant and provided to the local unit of government (city, township or village) in triplicate. (Providing an accurate school district where the facility is located is vital.)

1. Legal description of the real property on which the facility is or will be located. Also provide property identification number if available.
2. Personal Property Requirements: Complete list of new machinery, equipment, furniture and fixtures which will be used in the facility. The list should include description, beginning date of installation or expected installation by month/day/year, and costs or expected costs (see sample). Detail listing of machinery and equipment must match amount shown on question 6b of the application. Personal property applications must have attached a certified statement/affidavit as proof of the beginning date of installation (see sample).
3. Real Property Requirements: Proof of date the construction started (groundbreaking). Applicant must include one of the following if the project has already begun; building permit, footings inspection report, or certified statement/affidavit from contractor indicating exact date of commencement.
4. Complete copy of lease agreement as executed, if

applicable, verifying lessee (applicant) has direct ad valorem real and/or personal property tax liability. The applicant must have real and/or personal property tax liability to qualify for an IFT abatement on leased property. If applying for a real property tax exemption on leased property, the lease must run the full length of time the abatement is granted by the local unit of government.

The following information is required of the local unit of government: [Please note that only items 2, 4, 5, 6, & 7 below are forwarded to the State Tax Commission with the application, along with items 2 & 3 from above. The original and one complete copy are required by the STC. The remaining items are to be retained at the local unit of government for future reference. **(The local unit must verify that the school district listed on all IFT applications is correct.)**]

1. A copy of the notice to the general public and the certified notice to the property owners concerning the establishment of the district.
2. Certified copy of the resolution establishing the Industrial Development District (IDD) or Plant Rehabilitation District (PRD), which includes a legal description of the district (see sample). If the district was not established prior to the commencement of construction, the local unit shall include a certified copy or date stamped copy of the written request to establish the district.
3. Copy of the notice and the certified letters to the taxing authorities regarding the hearing to approve the application.
4. Certified copy of the resolution approving the application. The resolution must include the number of years the local unit is granting the abatement and the statement "the granting of the Industrial Facilities Exemption Certificate shall not have the effect of substantially impeding the operation of (governmental unit), or impairing the financial soundness of a taxing unit which levies ad valorem property taxes in (governmental unit – see sample).
5. Letter of Agreement (signed by the local unit of government and the applicant per P.A. 334 of 1993 (see sample).

6. Affidavit of Fees (signed by the local unit of government and the applicant), (Bulletin 3, January 16, 1998). This statement may be incorporated into the Letter of Agreement (see sample).
7. Treasury Form 3222 (if applicable) - Fiscal Statement for Tax Abatement Request.

The following information is required for rehabilitation applications in addition to the above requirements:

1. A listing of existing machinery, equipment, furniture and fixtures which will be replaced or renovated. This listing should include description, beginning date of installation or expected installation by month/day/year, and costs or expected costs.
2. A rehabilitation application must include a statement from the Assessor showing the taxable valuation of the plant rehabilitation district, separately stated for real property (EXCLUDING LAND) and personal property. Attach a statement from the assessor indicating the obsolescence of the property being rehabilitated.

The following information is required for speculative building applications in addition to the above requirements:

1. A certified copy of the resolution to establish a speculative building.
2. A statement of non-occupancy from the owner and the assessor.

Please refer to the following Web site for P.A. 198 of 1974:
<http://www.legislature.mi.gov/>.

For guaranteed receipt by the State Tax Commission, it is recommended that applications and attachments are sent by certified mail.

INSTRUCTIONS. Read carefully to obtain directions for the allocation of your personal property to Sections A - N.

All Tangible Personal Property in your possession at this location, including fully depreciated and expensed assets, must be reported in one of the Sections A through N. If you had "Move-Ins" of used property, you must also complete Form 3966, 2011 Taxpayer Report of Personal Property "Move-Ins" Occurring During 2010. "Move-Ins" are items of assessable personal property (hereafter referred to as "property") that were not assessed in this city or township in 2010, including (1) purchases of used property, (2) used property you moved in from a location outside this city or township, (3) property that was exempt in 2010 (such as exempt Industrial Facilities Tax property), and (4) property that you mistakenly omitted from your statement in 2010. "Move-Ins" DO NOT include property that has been moved from another location WITHIN this city or township or that was assessed to another taxpayer within this city or township in 2010 (i.e., property reported by a previous owner or previously leased property reported by the lessor in 2010). All "Move-Ins" must be reported on this page 2 and on Form 3966. Do not report 2010 acquisitions of new property on Form 3966.

Did you have "move-ins"? Yes No

SECTION A: Including Furniture and Fixtures		Assessor Calculations
2010	.91	
2009	.80	
2008	.69	
2007	.61	
2006	.53	
2005	.47	
2004	.42	
2003	.37	
2002	.33	
2001	.29	
2000	.27	
1999	.24	
1998	.22	
1997	.19	
1996	.12	
Prior	.12	
TOTALS A1		A2

SECTION B: Including Machinery and Equipment		Assessor Calculations
2010	.89	
2009	.76	
2008	.67	
2007	.60	
2006	.54	
2005	.49	
2004	.45	
2003	.42	
2002	.38	
2001	.36	
2000	.33	
1999	.31	
1998	.29	
1997	.28	
1996	.23	
Prior	.23	
TOTALS B1		B2

SECTION C: Including Rental Videotapes and Games		Assessor Calculations
2010	.76	
2009	.53	
2008	.29	
2007	.05	
Prior	.05	
TOTALS C1		C2

SECTION D: Including Office, Electronic, Video and Testing Equipment		Assessor Calculations
2010	.84	
2009	.64	
2008	.55	
2007	.49	
2006	.44	
2005	.41	
2004	.38	
2003	.35	
2002	.33	
2001	.31	
2000	.29	
1999	.28	
1998	.26	
1997	.25	
1996	.17	
Prior	.17	
TOTALS D1		D2

SECTION E: Including Consumer Coin Operated Equipment		Assessor Calculations
2010	.92	
2009	.85	
2008	.77	
2007	.69	
2006	.61	
2005	.54	
2004	.46	
2003	.38	
2002	.30	
2001	.23	
2000	.15	
Prior	.15	
TOTALS E1		E2

SECTION F: Including Computer Equipment		Assessor Calculations
2010	.60	
2009	.44	
2008	.32	
2007	.24	
2006	.19	
2005	.15	
2004	.08	
Prior	.08	
TOTALS F1		F2

COST GRAND TOTAL (for page 2)

TAXPAYER: Add totals from cost columns of Sections A-F (A1-F1). Enter grand total here and carry to line 10a, page 1.

\$

TRUE CASH VALUE GRAND TOTAL (for page 2)

ASSESSOR: Add True Cash Value totals from Sections A-F (A2-F2). Enter grand total here and carry to line 10b, page 1.

\$

Parcel No.

SECTION G - Other Assessable Personal Property Which You Own

Assessable Tangible Personal Property in your possession that is not entitled to depreciation under Generally Accepted Accounting Principals (GAAP) (e.g. fine art) or that the assessor has told you to report in this section or that is otherwise described in the instructions should be reported under this section. Any Personal Property reported in this section should not be reported elsewhere on Form L-4175. See instructions. Attach additional sheets, if necessary.

Description of Property	Acquisition Cost New	Acquisition Year	True Cash Value Assessor's Calculations
Total Acquisition Cost New	G1		G2

SECTION H - Standard Tooling

You must report your standard tooling in this Section. Complete both columns. Notice that GAAP (Generally Accepted Accounting Principals) net book value, as reported in this section, must implement accounting "changes in estimate", even if not otherwise material. Any Personal Property reported in this section should not be reported elsewhere on Form L-4175. See Instructions.

Acquisition Year	Acquisition Cost New	GAAP Net Book Value
2010		
2009		
2008		
Prior		
Total Acquisition Cost	H1	H2

SECTION I - Qualified Personal Property

INCLUDE ONLY "Qualified Personal Property" as defined by Michigan Compiled Laws 211.8a (6)(c). See instructions. Attach extra schedules, if necessary, following the same format as below. Any Personal Property reported in this section should not be reported elsewhere on Form L-4175.

Description of Equipment and Model or Serial Number	Owner Name and Complete Mailing Address	Original Cost Installed	Date of Installation	Lease Term in Months	Year of Manufacture	Total Average Monthly Rental	%	TCV to be Completed by Assessor
Total Installed Cost	I1							I2

SECTION J - Leased Property in Your Possession Which Is Not Qualified Personal Property

Property you are leasing from another person or entity should be reported under this section. "Qualified" Personal Property should be reported under Section I. See instructions. Attach additional sheets if necessary. Any Personal Property reported in this section should not be reported elsewhere on Form L-4175.

Lease No.	Name & Address of Lessor	Description of Equipment	Lease Term (in months)	Monthly Rental	1st Year in Service	Selling Price New (estimate, if necessary)
Total Selling Price New						J1

SECTION K - Other Personal Property in Your Possession Which You Do Not Own

Property not owned by you but in your possession on December 31, 2010 under arrangements other than a lease agreement should be reported under this section. See instructions. Any Personal Property reported in this section should not be reported elsewhere on Form L-4175. Attach additional sheets if necessary.

Name & Address of Owner	Description of Equipment	Age (estimate if necessary)	Selling Price New (estimate, if necessary)
Total Selling Price New			K1

COST GRAND TOTAL (for page 3)

TAXPAYER: Add Total Costs and Selling Prices from Sections G-K (G1-K1). Enter grand total here and carry to line 11a, page 1.

\$

TRUE CASH VALUE GRAND TOTAL (for page 3)

ASSESSOR: Add True Cash Value totals from Sections G-I (G2-I2). Enter grand total here and carry to line 11b, page 1.

\$

SECTION L - Detail of Leases (This Section is Completed by Leasing Companies)

Equipment that you lease to others should be reported under this section. Notice: You must also complete Sections A - F on Page 2. See instructions. You may use attachments in lieu of completing this section if the attachments contain the information requested below, in the same format, and if you complete the Tables on Page 2. Attach additional sheets, if necessary.

Are you a manufacturer of equipment? Yes No

Lease No.	Name & Address of Lessee	Location of Equipment	Type of Equipment	Lease Period (Mo.)	Monthly Rental	1st Year in Service	Manufacturer Cost	Original Selling Price
Total Original Selling Price								

SECTION M - Leasehold Improvements

All Leasehold Improvements made at your place of business should be reported under this section, even if you believe that the improvements are not subject to assessment as Personal Property. Provide as much detail as possible so that the assessor can determine whether an assessment should be made. You may attach additional explanations and/or copies of "fixed asset" records, if the documents attached provide all of the information requested below and if you insert the total original cost in "Total Cost Incurred" below. Trade fixtures and installation costs of machinery and equipment must be reported in Sections A through I. See Instructions. Any Personal Property reported in this section should not be reported elsewhere on Form L-4175.

Year Installed	Description (Describe in detail)	Original Cost	STC Multiplier	True Cash Value Assessor's Calculation
Total Cost Incurred		M1		M2

SECTION N - Buildings and Other Structures on Leased or Public Land and All Freestanding Signs and Billboards
 Costs of Freestanding Communications Towers and Equipment Buildings at Tower sites (unless reported on Form 4452), and Costs of Freestanding Signs and Billboards must also be reported under this Section. Any Personal Property reported in this section should not be reported elsewhere on Form L-4175. Attach additional sheets, if necessary.

Check this box if you believe that these structures are already assessed as part of the real property.

Address or Location of Building	Year Originally Built	Total Capitalized Cost	True Cash Value Assessor's Calculation *
Total Capitalized Cost		N1	N2

SECTION O - Rental Information. See Instructions. (Attach additional sheets, if necessary.)

IF YOU ARE THE TENANT

Name and address of landlord _____
 Is your landlord the owner of the property? Yes No If you are a sublessee, enter the name and address of the owner of the property _____

IF YOU ARE THE LANDLORD

Name and address of tenant _____
 Are you the owner of the property? Yes No If you are a sublessor, enter the name and address of the owner of the property _____

TO BE COMPLETED REGARDLESS OF WHETHER YOU ARE THE LANDLORD OR TENANT

Address of property rented or leased _____
 Date that current lease or rental arrangement started _____
 Date current lease will expire, if other than a month to month tenancy _____ Monthly rental \$ _____
 Are there options to renew the lease? Yes No
 Expenses (e.g. taxes, electric, gas, etc.) paid by the tenant _____
 Square feet of space occupied by the tenant _____

Assessor Value
O2

COST GRAND TOTAL (for page 4)

TAXPAYER: Add Total Cost Incurred from Section M and Total Capitalized Cost from Section N (M1 and N1). Enter grand total here and carry to line 12a, page 1. \$

TRUE CASH VALUE GRAND TOTAL (for page 4)

ASSESSOR: Add True Cash Value totals from Sections M-O (M2-O2). Enter grand total here and carry to line 12b, page 1. \$

* Note to Assessor: Certain buildings and structures on leased land (but not including freestanding signs and billboards) must be assessed on the real property roll. See Bulletin 1 of 2003.

Instructions for Completing Form 632 (L-4175), 2011 Personal Property Statement

NOTICE: This form is issued under authority of the General Property Tax Act. Filing is mandatory. Failure to file may result in imprisonment for a period not less than thirty days, nor more than six months; a fine not less than \$100, nor more than \$1,000; or both fine and imprisonment at the discretion of the court. See MCL 211.21.

CAUTION: Read these instructions carefully before completing the form. **Complete all sections.** Because this form has been coded, it is imperative that it be returned to assure proper processing. If all of the personal property formerly in your possession has been removed from this assessing unit before December 31, 2010, you must notify the assessor at once in order to change the records accordingly. This statement is subject to audit by the State Tax Commission, the Equalization Department or the Assessor. **Failure to file this form by its due date will jeopardize your right to file a Section 154 appeal with the State Tax Commission.** You are advised to make a copy of the completed statement for your records. This form must be filed in the city or township where the personal property is located on December 31, 2010. Do not file this form with the State Tax Commission unless you have been specifically instructed to do so by the Commission's staff.

Although you must complete all sections of this form, you are not required to file pages that do not contain any reported cost. You must, however, insert a zero entry in the appropriate line(s) 10, 11 and/or 12 of the "Summary and Certification" on page 1 to indicate that you have no costs to report for that page; you must complete and file section O if you are a landlord, a lessee or a sublessee. In completing this form, you may not use attachments in lieu of completing a section, unless the instructions specifically authorize the use of attachments for completing the section.

FACSIMILE SIGNATURES: This form must be signed at the bottom of page 1. A facsimile signature may be used (P.A. 267 of 2002), provided that the person using the facsimile signature has filed with the Assessment and Certification Division of the Department of Treasury a signed declaration, under oath, using Form 3980. This form can be obtained by writing the Assessment and Certification Division at P.O. Box 30790 Lansing MI 48909-8290. A facsimile signature is a copy or a reproduction of an original signature.

GENERAL EXPLANATION: The Michigan Constitution provides for the assessment of all real and tangible personal property not exempted by law. Tangible personal property is defined as tangible property that is not real estate. Form L-4175 is used for the purpose of obtaining a statement of assessable personal property for use in making a personal property assessment. Michigan law provides that the assessor must send Form L-4175 to any person or entity that may possess assessable personal property. Michigan law also provides that a person or entity receiving Form L-4175 must complete it and return it to the assessor by the statutory due date, even if they have no assessable property to report. If you had assessable personal property in your possession on December 31, 2010, you must submit a completed Form L-4175 to the assessor of the community where the property is located by the statutory due date, even if the assessor does not send you a form to complete.

COMPLETION OF FORM 632 (L-4175)

Page 1 - Statistical Information:

FROM: Insert name and address of the assessor if you are using a form not provided by the assessor. Often this form must be filed at an address different than the assessor's mailing address for other purposes. It is your responsibility to assure that this form is sent to the correct address. If you are unsure of the mailing address, call your local assessor or county equalization department.

TO: If you are not using a preprinted form, insert your name and address. Use the address at which you wish to receive future forms and tax billings. If your form is preprinted with an incorrect address, line out the incorrect portions and insert the corrections.

Parcel No.: Unless this is an initial filing, you have already been assigned a parcel number. If you are using a form not provided by the assessor, you must insert the correct parcel number. Failure to insert your parcel number may result in a duplicate assessment.

Square Feet Occupied: Insert the number of square feet of space occupied by the taxpayer at the location(s) reported.

Michigan Sales Tax No.: Insert the taxpayer's Michigan Sales Tax Number.

Preparer's Name and Address: Insert the name, address, telephone number and e-mail address of the person who has prepared this statement.

(Check One): Check the appropriate box indicating the form of legal organization used by the taxpayer in conducting its business. If the taxpayer is organized as a corporation or a limited liability company, insert the Michigan corporate identification number of the business or, if not authorized to do business in Michigan, the name of the state in which it is organized.

Location(s) of Personal Property: List the street addresses of all locations that are being reported on this statement. Locations in different school districts or lying within the boundaries of designated authorities or districts must be reported separately. All personal property at a given location in the same authority or district must be reported under one account, unless the assessor has directed otherwise. You must file a separate statement for property on which the tax is abated pursuant to P.A. 198 of 1974 (I.F.T.) or P.A. 328 of 1998 (certain new personal property).

Date of Organization: Insert the date that the taxpayer's business was first organized or commenced.

Date Business Began at Above Location: Insert the date that the taxpayer first commenced business at a location reported on this statement.

Assumed Names: State any assumed names used by the taxpayer in conducting its business at the location(s) reported.

Names of Owners or Partners: If the taxpayer is a sole proprietorship or a partnership, list the name(s) of the proprietor or partners.

If Sole Proprietorship, Taxpayer's Residential Address: Insert sole proprietor's actual residence address. Do not use mailing address, if different than residence address.

Legal Name of Taxpayer: Insert the taxpayer's exact legal name.

Address Where Personal Property Records Are Kept: Insert the address where the records used to complete this statement are kept. Only insert the address of an agent if that agent has actual possession of all documents necessary to conduct an audit.

Name of Person in Charge of Records: Insert the name of the person at the address where the records are kept who has actual control of the documents necessary to conduct an audit.

Telephone No.: Insert the telephone number of the person having charge of the records used for filing.

Description of Taxpayer's Business activity: Insert a descriptive phrase indicating the nature of the taxpayer's business activity and NAICS Code.

Page 1 - Summary and Certification:

Page 1, Line 1: "Special Tools" are exempt from taxation, pursuant to MCL 211.9b. If you are excluding "special tools" from your statement, you must check "Yes" and insert the amount of original cost excluded. "Special tool" means a finished or unfinished device such as a die, jig, fixture, mold, pattern, special gauge, or similar device, that is used, or is being prepared for use, to manufacture a product and that cannot be used to manufacture another product without substantial modification of the

device. As used herein, a "product" can be a part, a special tool, a component, a subassembly or completed goods. "Special tools" do not include devices that differ in character from dies, jigs, fixtures, molds, patterns, or special gauges. Machinery or equipment, even if customized, and even if used in conjunction with special tools is not a "special tool." A die, jig, fixture, mold, pattern, gauge, or similar tool that is not a "special tool" is a "standard tool" and must be reported in Section H. Machinery or equipment, even if specialized, and even if used in conjunction with special tools or standard tools is not reported in Section H and must, instead, be reported in Section B. Only industrial tools in the nature of dies, jigs, fixtures, molds, patterns and special gauges can qualify for this exemption. Personal property not directly used to carry out a manufacturing process is not a "special tool." Dies, jigs, fixtures, molds, patterns, special gauges, or similar devices that are not "special tools" should be reported at full acquisition cost new under Section H of this form.

Page 1, Line 2: Air and water pollution control facilities and/or wind or water energy conversion devices may qualify for exemption from taxation, only if an exemption certificate has been issued by the State Tax Commission on or before December 31, 2010. If you claim such an exemption, check "Yes" and attach an itemized listing of the certificate numbers, dates of issuance and amounts.

Page 1, Line 3: You must file a completed Form L-4175 with the assessor of every Michigan assessment jurisdiction in which you had assessable personal property on December 31, 2010. If you have fulfilled this obligation, check "Yes." If you have not filed in every required jurisdiction, attach an explanation.

Page 1, Line 4: The purpose of this question is to determine whether you are a party to a contract relative to personal property located in this jurisdiction on December 31, 2010 that you have not reported on this statement, perhaps because of your belief that another party to the contract is the proper party to report. This includes situations where you believe you hold only a security interest in personal property, in spite of the fact that the contract is labeled a "lease." If you answered "yes" to this question, attach a rider that includes the name(s) of the interest holder(s), the nature of your interest, a description of the equipment, the year the equipment was originally placed in service, its original selling price when new and the address where the property was located on December 31, 2010. "Conditional sale" leased equipment must be reported by the lessor.

Page 1, Line 5: Check "Yes" if you are a lessor (landlord), a lessee (tenant) or a sublessee (subtenant) in a rental contract relating to the real property at this location. MCL 211.8(i) provides that, under some circumstances, the value, if any, of a sub-leasehold estate shall be assessed to the lessee. If you check "Yes," complete Section O. Your rental arrangement will be analyzed by the assessor. If you check "Yes" and have made leasehold improvements to the real estate, you must also complete Section M. Your completion of Sections M and O will not necessarily result in an increased assessment.

Page 1, Line 6: The valuation multipliers contained in Sections A through F on page 2 are intended to be applied to the acquisition cost of new, not used, personal property. If the acquisition cost new of an asset is known to you or can be reasonably ascertained through investigation, you must report that cost in the year it was new when you complete Sections A through F, even if you have adjusted the cost in your accounting records to reflect revaluation of the asset using a "purchase," "fresh start," "push-down" or similar accounting methodology, or even if your booked cost reflects a "used" purchase, lease "buy-out" price or a "trade-in" credit. If you were unable to report the acquisition cost new for one or more of your assets, you should check "Yes" and attach a list of all such assets. On the list, provide a detailed description of each asset, the year or approximate year that the asset was new, and the amount and acquisition year at which you have reported the asset.

You must also provide a written explanation of the reason(s) that the original acquisition cost information is not available.

Page 1, Line 7: "Daily rental property" is tangible personal property, having a cost new of \$10,000 or less, that is exclusively offered for rental, pursuant to a written agreement, on an hourly, daily, weekly or monthly basis for a term of 6 months or less (including all permitted or required extensions). If you acquired the property "used" you must determine the cost new for purposes of determining whether the property qualifies for "daily rental property" treatment. If you believe that you have such property, see Form 3595, *Property Statement - Daily Rental Property*, for additional information. If you qualify, you must complete Form 3595 and comply with the requirements set forth therein.

Page 1, Line 8: You are required to report all tangible personal property in your possession in this location even if the property has been fully expensed or depreciated for federal income tax or financial accounting purposes. If you answer "No," attach a detailed explanation.

Page 1, Line 9: This question requires you to disclose other businesses that share space with you at the location(s) of your business. If you answer "Yes" attach a list of all other businesses operating at your location(s). If you are located in a shopping center, office building or other multi-tenant facility, you are not required to list businesses having a different legal address.

Page 1, Line 10: Complete Sections A through F, page 2, and add the totals from Sections A through F to arrive at a Cost Grand Total. Insert the Cost Grand Total in the box indicated at the bottom of page 2 and carry that amount to page 1, line 10a.

Page 1, Line 11: Complete Sections G through K, page 3, and add the totals from Sections G through K to arrive at a Cost Grand Total. Insert the Cost Grand Total in the box indicated at the bottom of page 3 and carry the amount to page 1, line 11a.

Page 1, Line 12: Complete sections L through O, page 4, and add the totals from sections M and N to arrive at a Cost Grand Total, as directed by the instruction at the bottom of the page. Insert the Cost Grand Total in the box indicated at the bottom of page 4 and carry the amount to page 1, line 12a.

Page 1, Line 13: If you had assets that qualified as "idle equipment" or as "obsolete or surplus equipment" on December 31, 2010, complete Form 2698, *Idle, Obsolete and Surplus Equipment*, and carry the Total Original Cost from Form 2698 to line 13a.

"Idle equipment" is equipment that is part of a discontinued process and that has been disconnected and is stored in a separate location. Assets are not "idle" if they are present as standby equipment, are used intermittently or are used on a seasonal basis. "Obsolete or surplus equipment" is equipment that either requires rebuilding and is in the possession of a rebuilding firm on December 31, 2010 OR is being disposed of by means of an advertised sale because it has been declared as surplus by an owner who has abandoned a process or plant. Property that is part of a process that has been temporarily suspended from operation or which is being offered for sale with the expectation that the process will be continued at the same location, does not qualify for idle or obsolete and surplus reporting treatment. Only property which would otherwise be reported in Sections A through F on Page 2 of Form L-4175 qualifies to be reported as idle or obsolete and surplus equipment. For more information, see instructions to Form 2698. Do not include these assets elsewhere on this form.

Page 1, Line 14: Report the total cost incurred for Construction in Progress, as calculated on an accrual basis, based on the extent of physical presence of the construction in progress in the assessment jurisdiction. Construction in Progress is property of a personal property nature that has never been in service and was in the process of being installed on December 31, 2010. Do not report partially constructed electric generating facilities as Construction in Progress. Such facilities must be reported on the Real Property Statement (Form 3991 - Gas Turbine and Diesel; Form 4070 - Hydroelectric; Form 4094 - Steam).

Page 1, Line 15: If you had cable television or utility assets on December 31, 2010, complete Form 3589, *Cable Television and Public Utility Personal Property Report*, or Form 633, *Distribution Personal Property Statement Electric Distribution Cooperative*, and carry the Total Original Cost from Form 3589 or Form 633 to line 15a. See the instructions to Form 3589. If you had wind energy system assets as defined in MCL 211.8 (i), on December 31, 2010, complete Form 4565, *Wind Energy System Personal Property Report*, and carry the total original cost from Form 4565 to line 15a. See the instructions to Form 4565.

Page 1, Line 16: If you had cellular (wireless) site assets on December 31, 2010, complete Form 4452, *Cellular (Wireless) Site Equipment Personal Property Report*, and carry the Total Original Cost from Form 4452 to line 16a. See the instructions to Form 4452.

Page 2 - General Instructions for Sections A through F:

You must report in these Sections the full acquisition cost new, in the year of its acquisition new, of all machinery and equipment, computer equipment, furniture and fixtures, signs, coin operated equipment, office equipment, electronic, video and testing equipment, rental video tapes and games and other tangible personal property owned by you and located in this assessment jurisdiction, **even if you have fully depreciated the asset or have expensed the asset under Section 179 of the Internal Revenue Code or under your accounting policies. All costs reported must include freight, sales tax and installation costs**, even in cases where the cost was actually incurred by another. Imputed sales tax, freight and installation costs must be reported by equipment leasing companies in cases where the lessee has paid or will pay such costs, or will provide the equivalent benefit in kind. Sales/Use tax must be imputed and reported by equipment leasing companies in cases where the lessee is paying sales or use tax on installment lease payments. The costs reported must include all costs (except capitalized interest) that would be capitalized by an end-user/owner of the property under generally accepted accounting principles, including overheads and "indirect costs" associated with the process of constructing, acquiring or making the property available for use. Capitalized expenditures made to a piece of machinery or equipment after the initial acquisition year must be reported in the year the expenditure is booked as a fixed asset. These costs must be reported the same as they are shown on your financial accounting fixed asset records, assuming that you account using generally accepted accounting principles. You must also report in these sections any other tangible personal property in your possession or under your control in this jurisdiction that is not reported under sections G through N. If you purchased an asset used, and do not know and cannot ascertain the acquisition cost new, attach the list and explanation required by the **Page 1, Line 6** instructions. The acquisition costs for the assets reported under each section must be totaled for each acquisition year. Place the yearly total on the line of the section corresponding to the year that the property was acquired. You must report the original acquisition cost, **not** your estimation of the value of the property. Equipment not fully installed on December 31, 2010 should be reported on **Page 1, Line 14** and should not be reported in these sections. Property that was reported as construction in progress last year but which was placed in service on or before December 31, 2010 should be entirely reported on the 2010 acquisition line of the appropriate table, not the 2009 line. Similarly, the cost of all assets must be reported as acquired in the year that they were placed in service, rather than the year of purchase, if those years differ.

Leased assets and "daily rental property" must be reported by the **Owner** on sections A through H in the same manner as other property, using a cost which represents the price that would be paid by an end-user to acquire ownership of the property if it were to purchase rather than lease or rent. An itemized listing of the property must also be made in Section L (for leased assets) or pursuant to the requirements of the instructions for **Page 1, Line 7** (for daily rental assets).

All leased and daily rental assets must be reported by, and must be assessed to, the owner (the lessor or daily rental company), in spite of

any agreement to the contrary between the parties to the lease or rental agreement, unless the property is "qualified personal property" or is owned by a bank. Leased and rental property must be reported at selling price new, even if the owner is the manufacturer of the asset or acquired the asset in the wholesale market for an amount less than the price that the end-user would have incurred to purchase the asset. If the asset is of a type that it is never sold to an end-user or if you have constructed the asset for your own use, report the price at which the asset would sell if a market sale did occur. See STC Bulletin 8 of 2007.

The cost reported in each of the sections of this form and on the forms used with this form should include the full invoiced cost, without deduction for the value of certain inducements such as service agreements and warranties when these inducements are regularly provided without additional charge.

Inventory is exempt from assessment. Inventory does not include personal property under lease or principally intended for lease or rental, rather than sale. Property allowed a cost recovery allowance or depreciation under the Internal Revenue Code is not inventory. Motor vehicles registered with the Michigan Secretary of State on December 31, 2010 are exempt. Special mobile equipment, as defined by MCL 257.62, and nonregistered motor vehicles are assessable. Computer software, if the purchase was evidenced by a separate invoice amount and if the software is commonly sold separately, is exempt.

If you have had "Move Ins" of used property during calendar year 2010, you must complete Form 3966, in addition to completing Form L-4175. You can obtain Form 3966 from the Michigan Department of Treasury Web Site at www.michigan.gov/taxes or from your local assessor. "Move-Ins" are items of assessable personal property that were not assessed in this city or township in 2010, including: acquisitions of previously used personal property (which should be reported in the year it was new and at the cost when new); used personal property you have moved in from outside this city or township; personal property that was exempt in 2010 (such as exempt industrial facilities tax property); and personal property that you mistakenly omitted from your statement in 2010. "Move-Ins" **do not include** property moved from another location **within** this city or township or assessed to another taxpayer **within** this city or township in 2010 (i.e. property reported by a previous owner or previously leased property reported by the lessor to this city or township last year). All "Move-Ins" must be reported in the appropriate section of Form L-4175, in addition to being reported on Form 3966. **Do not report** 2010 acquisitions of new property on Form 3966.

You must report the cost of business trade fixtures in the appropriate section, A through F, rather than in section M where you report leasehold improvements. You must also report the costs of installing personal property in the appropriate section, A through F. Trade fixtures and installation costs of machinery and equipment must not be reported in section M, even if you have booked them as leasehold improvements for financial accounting purposes. Trade fixtures are items of property that have been attached to real estate by a tenant to facilitate the tenant's use of the property for business purposes and which are both capable of being removed and are removable by the tenant under the terms of the lease. Examples of trade fixtures are certain costs related to telephone and security systems and most signs. Examples of installation costs are the costs of machine foundations and electric, water, gas and pneumatic connections for individual manufacturing machines.

The costs of an electrical generating facility, including the costs of all attached equipment that is integrated as a component in accomplishing the generating process, such as boilers, gas turbines and generators, are not reported on this form. An exception is a small, movable generating unit that has a fixed undercarriage designed to allow easy movement of the unit from place to place to provide temporary electric power. Another exception is wind energy systems. See instructions to

Page 1, Line 15.

The costs associated with a generating facility that does not have a fixed undercarriage must be reported to the assessor on the appropriate Real Property Statement (Form 3991 - Gas Turbine and Diesel; Form 4070 - Hydroelectric; Form 4094 - Steam). The costs associated with small, movable electrical generation units that have a fixed undercarriage and the costs associated with other unattached, movable machinery and equipment used at generating facilities, such as front loaders, forklifts, etc. are reported in section B of this form.

A summary of the items that should be reported in each section is contained in STC Bulletin 12 of 1999, its later annual supplement(s) and in these instructions. These bulletins, along with forms and other bulletins can be accessed via our Web site at www.michigan.gov/taxes. MCL 211.19 requires that you complete this form in accordance with the directions on the form and in these instructions. You may, however, attach supplementary material for the assessor to consider in making his or her valuation decisions. If you have questions regarding proper categorization of property, contact the State Tax Commission for clarification.

Completion of Section A, Page 2: The assets to be reported in this section include decorations, seating, furniture (for offices, apartments, restaurants, stores and gaming establishments), shelving and racks, animal cages and tanks, lockers, modular office components, cabinets, counters, rent-to-own furnishings, medical exam room furnishings, therapeutic medical beds and bedding, bookcases, displays, mobile office trailers, special use sinks (such as those found in medical offices, beauty shops and restaurants), tables, nonelectronic recreational equipment, filing systems, slat walls, non-freestanding signs, window treatments, uniforms and linens, cooking, baking and eating implements, shopping carts, booths and bars. Other assets may be included at a later time.

Completion of Section B, Page 2: The assets to be reported in this section include all assets that are not designated for disclosure in another section. Specifically, such assets include the following types of machinery and equipment: air compressors, airport ground, non-coin operated amusement rides and devices, auto repair & maintenance, beauty and barber shop, boiler, furnace, bottling & canning, crane and hoist, car wash, chemical processing, construction, unlicensed vehicular, conveyor, non-coin operated dry cleaning and laundry, air makeup and exhaust systems, manufacturing and fabricating, food processing, gym & exercise, heat treating, landscaping, sawmill, incinerators, maintenance and janitorial, nonelectronic medical and dental and laboratory and veterinary equipment, mining and quarrying, mortuary & cemetery, painting, hydrocarbon refining and production and distribution, plastics, pottery & ceramics, printing and newspaper, rubber manufacturing, scales, ski lifts, smelting, stone & clay processing, supermarket, textile, tanning, vehicle mounted, waste containers, wire product manufacturing, woodworking, automated tellers (ATM), computer controlled lighting, CNC controlled manufacturing, theater equipment, restaurant food preparation and dispensing and storing and serving equipment, soft drink fountains, coin counters, beverage container return machines, storage tanks, hand tools of mechanics and trades, nonregistered motor vehicles, freestanding and other safes not assessed as real property, oil and gas field equipment and gathering lines prior to commingling product with other wells (other lines are reported in Section J, Form 3589), portable toilets, metal shipping pallets and containers, portable saw mills, LP tanks under 2,000 gallons, fuel dispensing control consoles, computer-controlled printing presses, stereo lithography apparatus, forklift trucks, non-coin operated gaming apparatus and computerized and mechanical handling equipment, commercial mail sorting operation equipment, pill counters, pram robotics. Other assets may be included at a later time.

Completion of Section C, Page 2: Report the acquisition cost new and the year of acquisition of rental videotapes, rental video games, rental DVD's and rental laser disks owned by you at this location. Other assets may be included at a later time.

Completion of Section D, Page 2: The assets to be reported in this section include office machines, non-computerized cash registers, faxes, mailing and binding equipment, photography and developing equipment, shredders, projectors, telephone and switchboard systems (even if computerized), audio and video equipment [used for receiving, transmitting, recording, producing and broadcasting], amplifiers, CD, cassette and disc players, speakers, cable television local origination equipment, electronic scales, surveillance equipment, electronic diagnostic and testing equipment (for automotive shops, medical offices, hospitals and dental offices), ophthalmology testing equipment, satellite dishes, video-screen arcade games, electronic testing equipment, electronic laboratory equipment, cellular telephones, medical laser equipment, reverse osmosis and hemodialysis systems, movable dynamometer, spectrum analyzer, security systems, 2-way and mobile land radio equipment, pay-per-view systems, wooden and plastic pallets and shipping containers, rental musical instruments and distributive control systems (see STC Bulletin 3 of 2000). Office machines which are not capable of being integrated into a local area or wide area computer network, office machines that are only capable of being used as a facsimile transmitting/receiving machine and/or as a copier, and office machines that are multifunctional but are not capable of being used as a computer peripheral, are reported in this section. A copier is a freestanding or desktop piece of office equipment, which is most commonly used in an office setting, and which is primarily designed to print, or to make copies of short-run text material produced in that office. Copiers generally use commercially available 8 1/2" by 11" bond or copy paper and produce duplicate originals of text documents in such a way that the use of carbon paper or other duplicating processes can be avoided. Printing presses are not copiers and must be reported in Section B of this form even if the operation of the printing press is regulated or controlled digitally, is controlled by a computer, or is automated. A printing press is a device designed primarily to produce commercial runs of printed material, such as books, pamphlets, forms, magazines, newspapers, or advertising circulars, for commercial sale, regardless of the technology employed in such production and regardless of the type of paper which is used. The definition of a printing press specifically includes any machine that employs an offset or other non-impact printing process, if the machine otherwise meets the definition of a printing press. Cellular site equipment, specifically including communication towers and land improvements must be reported on Form 4452, rather than in this section. If you are not required to report communication tower and land improvement costs on Form 4452, you must report such costs in Section N of this form. See STC Bulletin 13 of 2006 and the instructions for Form 4452. Other assets may be included at a later time.

Completion of Section E, Page 2: The assets to be reported in this section include consumer coin-operated equipment such as bill & change machines, juke boxes, pin ball machines, coin-operated pool tables and other non-video arcade games, snack & beverage machines, other vending machines, news boxes, laundry equipment, coin operated telephones and slot machines. Other assets may be included at a later time.

Completion of Section F, Page 2: The assets to be reported in this section include assessable software, personal and midrange and main-frame computer and peripheral equipment, including servers, data storage devices, CPUs, input devices such as scanners and keyboards, output devices such as printers and plotters, monitors, networking equipment, computerized point of sale terminals, global positioning system equipment, lottery ticket terminals, gambling tote equipment, pager instruments, cable television converters and receivers for home satellite dish television systems.

A programmable logic control device for a machine should be reported in section B with the machine it serves. Office machines which are capable of being integrated into a local area or wide area computer network and office machines that are single function, or multifunction, and which are capable of being used as a computer peripheral, including copiers that can be used as a computer peripheral, are reported in this section. Other

assets may be included at a later time.

Cost Grand Total, Page 2: After you have completed sections A through F, add together the totals of cells A1 through F1 to arrive at a Cost Grand Total. Insert the Cost Grand Total in the box indicated at the bottom of page 2 and carry to page 1, line 10a.

Section G, Page 3: Report all nonexempt tangible personal property owned by you at this location that is not entitled to depreciation/cost recovery under the United States Internal Revenue Code or that the assessor has told you to report in this section or that otherwise presents special valuation problems. An example of property not entitled to depreciation/cost recovery is fine art. Examples of properties that represent special valuation problems are: locally-assessed copper and fiber optic cable not reportable in Section M, frequently supplemented professional books, feature motion picture films, audio and video productions not sold to the public at large, musical instruments used for professional performance, LP tanks of 2,000 gallons or more that have not been assessed as real property, nuclear fuel and toll bridge company structures. Provide all requested information. An inspection of the property may be necessary. Property reported in this section should not be reported elsewhere on this form.

Section H, Page 3: Standard tools, dies, jigs, fixtures, molds, patterns and gauges and other manufacturing requisites of a similar nature (commonly referred to as "tooling") will be valued at an amount equal to the net book value of the asset. Report both Acquisition Cost New and GAAP net book value by year of acquisition in this section. See the instructions for line 1 for information regarding the tooling that is assessable. For purposes of personal property reporting, net book value shall be as determined using generally accepted accounting principles, in a manner consistent with the taxpayer's established methods of depreciation. The net book value for federal income tax purposes shall not be used for purposes of personal property tax reporting. If an accounting change in estimate is indicated relating to a particular asset, the net book value of that asset, as reported for personal property assessment purposes, shall be the value that would have existed for that asset on December 31, 2010 if a correct estimate had originally been made. Your obligation to implement the change in estimate for personal property reporting purposes shall not be affected by a determination that no financial accounting change in estimate is necessary due to lack of materiality. In no event shall assessable tooling be reported at an amount less than is indicated by its expected remaining useful life plus salvage value (if applicable under the depreciation method used).

Section I, Page 3: Report "qualified personal property" in this section. Do not report "qualified personal property" in sections A through F. "Qualified personal property" is property that was made available to you by a "qualified business" (usually a leasing company or a finance company) and which is not assessable to the "qualified business." Such property is assessable to you as the user. The requirements for "qualified business" treatment are strict and many leasing and financing companies do not qualify. Further, such treatment only applies to property subject to an agreement (usually labeled a lease) entered into after December 31, 1993 that qualifies for treatment as "qualified personal property." The "qualified business" is required to have filed a statement with the assessor by February 1st of the current year and is required to have made a written agreement with you in which it is specifically agreed that you will report the property to the assessor as "qualified personal property." See MCL 211.8a.

Section J, Page 3: Report all business machines, postage meters, machinery, equipment, furniture, fixtures, tools, burglar alarms, signs and advertising devices and other tangible personal property that you are renting or leasing from another person or entity. Provide all of the information requested for each lease. You must provide the actual or estimated selling price new of the asset so control totals can be generated for use on the Summary and Certification portion of page 1. MCL 211.13 provides that all tangible personal property shall be assessed to

the owner thereof, unless the owner is not known. A personal property statement will be sent to the owner. Property reported in this section should not be reported elsewhere on this form.

Section K, Page 3: Report all machines, meters, machinery, equipment, furniture, fixtures, tools, signs and advertising devices that are in your possession but are not owned, leased or rented by you. Examples include equipment left with you by vendors, such as display racks, coolers or fountain equipment, property loaned to you by another, property left with you for storage or rebuilding, consigned equipment not held for resale and assets sold but not yet picked up by the purchaser. Provide all of the information requested for each asset. You must provide the actual or estimated selling price new of the asset so that control totals can be generated for use on the Summary and Certification portion of page 1. MCL 211.13 provides that all tangible personal property shall be assessed to the owner thereof, unless the owner is not known. A personal property statement will be sent to the owner.

Cost Grand Total, Page 3: After you have completed sections G through K, add together the totals of cells G1 through K1 to arrive at a Cost Grand Total. Insert the Cost Grand Total in the box indicated at the bottom of page 3 and carry to line 11a on page 1.

Section L, Page 4: This section is to be completed by leasing companies and others who lease personal property to others. In addition to completing this section, you must complete sections A through F and any other sections that are applicable. You may use attachments rather than completing this section, but only if your attachment provides all the information requested on this section and if you insert the total original selling price where required on the form.

Section M, Page 4: This section is to be completed by tenants who are renting or leasing real property. All improvements (leasehold improvements) you have made to the real property should be reported, even if you believe that the improvements are not subject to assessment as personal property. Provide as much detail as possible so that the assessor can determine whether an assessment should be made. Coaxial and/or fiber-optic wiring costs and associated infrastructure of audio and/or visual systems serving subscribers of one or more multiple unit dwellings or temporary habitations under common ownership, and which do not use public rights-of-way shall be reported in this section and be clearly identified as such. You may use attachments, but only if your attachment provides all the information requested in this section and if you insert the Total Cost Incurred where required on the form. See the instructions for page 1, line 5 for additional explanation.

Section N, Page 4: Report the total capitalized cost and year of construction of buildings and other structures you have placed on land not owned by you, such as leased or public lands or on public rights-of-way. Costs of freestanding communications towers and associated equipment buildings (unless such costs have been reported on Form 4452) and costs of freestanding billboards are examples of other structures that are to be reported. The reported cost must include all costs capitalized on your records. See STC Bulletin 8 of 2007.

Section O, Page 4: Landlords and tenants must provide rental information relating to lease arrangements to which they are a party. Do not report lease or rental arrangements relating to property occupied for residential purposes. If you are a landlord with multiple properties, contact the assessor to arrange an acceptable alternative reporting method. See instructions for page 1, line 5.

Cost Grand Total, Page 4: After you have completed sections M and N, add together the totals of cells M1 and N1 to arrive at a Cost Grand Total. Insert the Cost Grand Total in the box indicated at the bottom of page 4 and carry to line 12a on page 1.

***NOTE:** MCL 211.19 states that personal property statements must be completed and delivered on or before February 20 of each year.