

Obsolete Property Rehabilitation Act Exemption

P.A. 146 of 2000, as amended

Overview

A means to encourage the rehabilitation of obsolete property and to increase commercial/residential housing available in downtowns or other areas characterized by underused or functionally obsolete properties.

OPRA provides property tax exemptions for commercial and commercial housing properties that are rehabilitated and meet the requirements of the Act. The property must be located in a qualified local unit, such as the City of Escanaba and be located in an established Obsolete Property Rehabilitation District. Properties must meet eligibility requirements including a statement of obsolescence by the local assessor. Exemptions are approved for a term of 1-12 years as determined by the local unit of government. The property taxes for the rehabilitated property are based on the previous year's (prior to rehabilitation) taxable value. The taxable value is frozen for the duration of the exemption. Additionally, the State Treasurer may approve reductions of half of the school operating and state education taxes for a period not to exceed 6 years for 25 applications annually. Applications are filed, reviewed and approved by the local unit of government, but are also subject to review at the State level by the Property Services Division. **Exemptions are not effective until approved by the State.**

Functional obsolescence as defined by the state includes inadequate electrical, heating and plumbing. Oversized or undersized rooms, poor layouts and traffic flow problems, etc.

Functionally Obsolete: means that the property is unable to be used to adequately perform the function for which it was intended due to a substantial loss in value resulting from factors such as overcapacity, changes in technology, deficiencies or super adequacies in design, or other similar factors that affect the property itself or the property's relationship with other surrounding property.

Antiquated plumbing, heating, and electrical fixtures and connections or spaces that are not conducive to the use of modern equipment and technologies or spaces broken up by poorly planned wall dividers that may have been functional 50 or 100 years ago are examples of deficiencies which could qualify a building. Super adequacies include excessive ceiling height, excessive size, etc. The OPRA legislation requires a statement of obsolescence from a Level III or Level IV certified assessor using this criteria.

Once in the program there will now be three tax bills for the same property. 1) the tax bill on the land taxed at full millage, 2) the taxable value on the building is frozen at the pre-improvement level at full millage, and 3) the tax bill on the improvement which only taxes the School Operating (18 mills) and State Education Tax (6 mills) which could be reduced by ½ by the State Treasurer.

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An example of how the OPRA affects property taxes for property with an exemption. Using the 2013 millage rates for the City of Escanaba, the annual rates would be as follows:

| | |
|----------------------|------------------------|
| School Oper. | = 18.0000 mills |
| State Ed Tax | = 6.0000 mills |
| TOTAL Millage | = 59.8744 mills |

The taxable value of the parcel prior to the exemption is \$70,000. Of the total taxable value, assume that \$20,000 is the portion attributable to the land. Assume also that rehabilitation and remodeling result in a total taxable value of \$1,200,000 for the rehabbed property. The tax breakdown would be as follows:

| Annual Tax Bill | Taxable Value | | Millage | | Annual Tax Dollars |
|-------------------------|---------------|---|----------|----------|--------------------|
| 1) Land | 20,000 | X | 59.8744 | = | \$ 1,197 |
| 2) Frozen Building TV | 50,000 | X | 59.8744 | = | \$ 2,943 |
| 3) Non-frozen TV | 1,130,000 | X | *18.0000 | = | \$ 27,120 |
| | 1,130,000 | X | *6.0000 | = | |
| Total Annual Tax | | | | = | \$ 31,260 |

| | |
|-------------------------------------|------------|
| <i>Annual Tax Without Exemption</i> | \$ 71,849 |
| <i>Annual Savings</i> | \$ 40,589 |
| <i>Savings Over 12-year term</i> | \$ 487,071 |

* The State Treasurer can exempt up to 50% of the State Education Tax and the school operating tax for a period of up to 6 years, which would result in additional annual savings of \$13,560 or \$81,360 for the term of the exemption.

The OPRA exemption applies only to existing buildings. Taxable value attributable to increased building size, whether vertical or horizontal, is taxed at the full millage rate.

Additionally, if the rehabbed property is commercial/residential, any portion which qualifies as primary residence would be exempted from the 18 mills of school operating tax, in the same manner as any other homestead.

The entire process is set by statute.

Unlike other exemptions, OPRA exemptions can be transferred to new property owners. The exemption can be transferred to a new owner during or after rehabilitation with the approval of the city council. The process starts at the local assessor's office.

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Definitions Contained In or Referenced In Pubic Act 146 of 2000

"Commercial housing property" means that portion of real property not occupied by an owner of that real property that is classified as residential real property under section 34c of the general property tax act, 1893 PA 206, MCL 211.34c, is a multiple-unit dwelling, or is a dwelling unit in a multiple-purpose structure, used for residential purposes. Commercial housing property also includes a building or group of contiguous buildings previously used for industrial purposes that will be converted to a multiple-unit dwelling or dwelling unit in a multiple-purpose structure, used for residential purposes.

"Commercial property" means land improvements classified by law for general ad valorem tax purposes as real property including real property assessable as personal property pursuant to sections 8(d) and 14(6) of the general property tax act, 1893 PA 206, MCL 211.8 and MCL 211.14, the primary purpose and use of which is the operation of a commercial business enterprise. Commercial property shall also include facilities related to a commercial business enterprise under the same ownership at that location, including, but not limited to, office, engineering, research and development, warehousing, parts distribution, retail sales, and other commercial activities. Commercial property also includes a building or group of contiguous buildings previously used for industrial purposes that will be converted to the operation of a commercial business enterprise or a multiple-unit dwelling or a dwelling unit in a multiple-purpose structure, used for residential purposes. Commercial property does not include any of the following: Land, Property of a utility

"Facility", except as otherwise provided in this act, means a building or group of contiguous buildings.

"Functionally obsolete" means that the property is unable to be used to adequately perform the function for which it was intended due to a substantial loss in value resulting from factors such as overcapacity, changes in technology, deficiencies or superadequacies in design, or other similar factors that affect the property itself or the property's relationship with other surrounding property. (See MCL 125.2652)

Note: The STC offers the following as examples of functional obsolescence:

- 1) A floor plan which is inappropriate for the highest and best use of the property.
- 2) A heating system which is inadequate for the highest and best use of the property.
- 3) Excessively high or low ceilings for the highest and best use of the property.
- 4) Partition walls which restrict the highest and best use of the property.
- 5) Mechanical systems (e.g. electrical, plumbing, etc) which are inadequate for the highest and best use of the property.

"Obsolete property" means commercial property or commercial housing property, that is 1 or more of the following:

- (i) "Blighted property". Blighted property means property that meets 1 or more of the following criteria:
 - a. Has been declared a nuisance in accordance with a local housing, building, plumbing, fire, or other related code or ordinance.
 - b. Is an attractive nuisance to children because of physical condition, use, or occupancy.

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- c. iii. Is a fire hazard or is otherwise dangerous to the safety of persons or property.
 - d. iv. Has had the utilities, plumbing, heating, or sewerage permanently disconnected, destroyed, removed, or rendered ineffective so that the property is unfit for its intended use.
 - e. v. Is tax reverted property owned by a qualified local governmental unit, by a county, or by this state. The sale, lease, or transfer of tax reverted property by a qualified local governmental unit, county, or this state after the property's inclusion in a brownfield plan shall not result in the loss to the property of the status as blighted property for purposes of PA 145 of 2000. (MCL 125.2652)
- (ii) A facility as that term is defined below:
"Facility" as defined in PA 451 of 1994 means any area, place, or property where a hazardous substance in excess of the concentrations which satisfy the requirements of section 20120a(1)(a) or (17) or the cleanup criteria for unrestricted residential use under part 213 has been released, deposited, disposed of, or otherwise comes to be located. Facility does not include any area, place, or property at which response activities have been completed which satisfy the cleanup criteria for the residential category provided for in section 20120a(1)(a) and (17) or at which corrective action has been completed under part 213 which satisfies the cleanup criteria for unrestricted residential use. (See MCL 324.20101)
- (iii) Functionally obsolete. Please see the definition of "functionally obsolete".

"Obsolete property rehabilitation district" means an area of a qualified local governmental unit established as provided in section 3. Only those properties within the district meeting the definition of "obsolete property" are eligible for an exemption certificate issued pursuant to section 6 of PA 146 of 2000.

"Rehabilitation" means changes to obsolete property OTHER THAN REPLACEMENT that are required to restore or modify the property, together with all appurtenances, to an economically efficient condition. Rehabilitation includes major renovation and modification including, but not necessarily limited to, the improvement of floor loads, correction of deficient or excessive height, new or improved fixed building equipment, including heating, ventilation, and lighting, reducing multistory facilities to 1 or 2 stories, improved structural support including foundations, improved roof structure and cover, floor replacement, improved wall placement, improved exterior and interior appearance of buildings, and other physical changes required to restore or change the obsolete property to an economically efficient condition. **Rehabilitation shall not include improvements aggregating less than 10% of the true cash value of the property at commencement of the rehabilitation of the obsolete property.**

"Rehabilitated facility" means a commercial property or commercial housing property that has undergone rehabilitation or is in the process of being rehabilitated, including rehabilitation that changes the intended use of the building. A rehabilitated facility does not include property that is to be used as a professional sports stadium. A rehabilitated facility does not include property that is to be used as a casino. As used in this subdivision, "casino" means a casino or a parking lot, hotel, motel, or retail store owned or operated by a casino, an affiliate, or an affiliated company, regulated by this state pursuant to the Michigan gaming control and revenue act, the Initiated Law of 1996, MCL 432.201 to 432.226.

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City of Escanaba Application Process

These are the steps to follow if you wish to apply for an Obsolete Properties Rehabilitation Exemption (OPRA exemption):

1. **Request in writing** to the city assessor that an Obsolete Properties Rehabilitation District be established for your property. City Council will approve this by resolution. Do not begin structural or cosmetic improvements to the building until after the district is established by City Council. This process may take four to six weeks.
2. **Request that the city assessor inspect** your building to determine if the property qualifies as obsolete property under the legislation. This can be done before council acts on your request for an OPRA district.
3. **Complete the application form and addendum** provided by the city assessor. You must include a letter stating that the rehabilitation project could not be completed without the assistance of the exemption (required by statute). Also include cost estimates of your planned projects and approximate completion schedules. Be as specific as possible. The assessor will bring this before Escnaaba City Council and a public hearing will be held to consider your exemption. This process will take an additional four to six weeks.
4. **If approved by City Council the assessor will then send** required documents to the State of Michigan for review and approval/disapproval by the State Tax Commission. Please note that the STC must receive the application by October 1st to consider the exemption for the next year's taxes. In order to maintain the necessary timetable, your district request should be started by the end of June with the completed exemption application submitted by the first (1st) Thursday of September. An OPRA exemption granted by the state on or before December 31st of any year will take effect in the following tax year.

NOTE:

An OPRA exemption will result in three separate tax bills for the exempt parcel: 1) land is assessed and taxed normally, 2) the frozen taxable value for all levies 3) "Non-frozen taxable value" means that the increased taxable value resulting from project improvements will be taxed only the School Operating (18 mills) and State Education Tax (6 mills) which may be reduced by ½ by the State Treasurer for up to 6 years.

You must pay property taxes timely. Failure to pay taxes before they become delinquent on March 1st of each year may constitute a reason for revoking the exemption.

A Principal Residence Exemption may apply If you rehabilitate the upper floor(s) of your property into your primary residence.

Daina Norden, Assessor
City of Escanaba
Phone: (906) 786-9402
Email: dnorden@escanaba.org

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CITY OF ESCANABA

ADDENDUM TO

Application for Obsolete Property Rehabilitation Certificate

Applicant Name: _____

Location of Facility: _____

Rehabilitation District Number: _____

A. General description of existing facility: Year Built _____ No. of Stories _____

Square Footage _____ Original Use _____

Most Recent Use _____

B. General description proposed use _____

C. Description of general nature & extent of rehabilitation to be undertaken: _____

D. Descriptive list of fixed building equipment that will be part of the rehabilitated facility:

E. Time schedule for undertaking & completing rehabilitation of facility: _____

F. Statement of economic advantages expected from exemption: _____

Attach additional page if necessary to complete answers. This form will be included with the application and sent to the state as part of the required information packet.

Application for Obsolete Property Rehabilitation Exemption Certificate

This form is issued as provided by Public Act 146 of 2000, as amended. This application should be filed after the district is established. This project will not receive tax benefits until approved by the State Tax Commission. Applications received after October 31 may not be acted upon in the current year. This application is subject to audit by the State Tax Commission.

INSTRUCTIONS: File the original and two copies of this form and the required attachments with the clerk of the local government unit. (The State Tax Commission requires two copies of the Application and attachments. The original is retained by the clerk.) Please see State Tax Commission Bulletin 9 of 2000 for more information about the Obsolete Property Rehabilitation Exemption. The following must be provided to the local government unit as attachments to this application: (a) General description of the obsolete facility (year built, original use, most recent use, number of stories, square footage); (b) General description of the proposed use of the rehabilitated facility, (c) Description of the general nature and extent of the rehabilitation to be undertaken, (d) A descriptive list of the fixed building equipment that will be a part of the rehabilitated facility, (e) A time schedule for undertaking and completing the rehabilitation of the facility, (f) A statement of the economic advantages expected from the exemption. A statement from the assessor of the local unit of government, describing the required obsolescence has been met for this building, is required with each application. Rehabilitation may commence after establishment of district.

| | | |
|---|---|--|
| Applicant (Company) Name (applicant must be the OWNER of the facility) | | |
| Company Mailing address (No. and street, P.O. Box, City, State, ZIP Code) | | |
| Location of obsolete facility (No. and street, City, State, ZIP Code) | | |
| City, Township, Village (indicate which) | | County |
| Date of Commencement of Rehabilitation (mm/dd/yyyy) | Planned date of Completion of Rehabilitation (mm/dd/yyyy) | School District where facility is located (include school code) |
| Estimated Cost of Rehabilitation | Number of years exemption requested | Attach Legal description of Obsolete Property on separate sheet |
| Expected project likelihood (check all that apply): | | |
| <input type="checkbox"/> Increase Commercial activity | <input type="checkbox"/> Retain employment | <input type="checkbox"/> Revitalize urban areas |
| <input type="checkbox"/> Create employment | <input type="checkbox"/> Prevent a loss of employment | <input type="checkbox"/> Increase number of residents in the community in which the facility is situated |
| Indicate the number of jobs to be retained or created as a result of rehabilitating the facility, including expected construction employment _____ | | |
| Each year, the State Treasurer may approve 25 additional reductions of half the school operating and state education taxes for a period not to exceed six years. Check the following box if you wish to be considered for this exclusion. | | |
| <input type="checkbox"/> | | |

APPLICANT'S CERTIFICATION

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 of the information is truly descriptive of the property for which this application is being submitted. Further, the undersigned is aware that, if any statement or information provided is untrue, the exemption provided by Public Act 146 of 2000 may be in jeopardy.

The applicant certifies that this application relates to a rehabilitation program that, when completed, constitutes a rehabilitated facility, as defined by Public Act 146 of 2000, as amended, and that the rehabilitation of the facility would not be undertaken without the applicant's receipt of the exemption certificate.

It is further certified that the undersigned is familiar with the provisions of Public Act 146 of 2000, as amended, 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 Obsolete Property Rehabilitation Exemption Certificate by the State Tax Commission.

| | | |
|---|------------------|---------------|
| Name of Company Officer (no authorized agents) | Telephone Number | Fax Number |
| Mailing Address | | Email Address |
| Signature of Company Officer (no authorized agents) | | Title |

LOCAL GOVERNMENT UNIT CLERK CERTIFICATION

The Clerk must also complete Parts 1, 2 and 4 on Page 2. Part 3 is to be completed by the Assessor.

| | |
|-----------|---------------------------|
| Signature | Date application received |
|-----------|---------------------------|

FOR STATE TAX COMMISSION USE

| | | |
|--------------------|---------------|-----------|
| Application Number | Date Received | LUCI Code |
|--------------------|---------------|-----------|

LOCAL GOVERNMENT ACTION

This section is to be completed by the clerk of the local governing unit before submitting the application to the State Tax Commission. Include a copy of the resolution which approves the application and Instruction items (a) through (f) on page 1, and a separate statement of obsolescence from the assessor of record with the State Assessor's Board. All sections must be completed in order to process.

PART 1: ACTION TAKEN

| | | |
|---|-----------|-------------|
| Action Date: _____ | | |
| <input type="checkbox"/> Exemption Approved for _____ Years, ending December 30, _____ (not to exceed 12 years) | | |
| <input type="checkbox"/> Denied | | |
| Date District Established | LUCI Code | School Code |

PART 2: RESOLUTIONS (the following statements must be included in resolutions approving)

| | |
|--|---|
| <p>A statement that the local unit is a Qualified Local Governmental Unit.</p> <p>A statement that the Obsolete Property Rehabilitation District was legally established including the date established and the date of hearing as provided by section 3 of Public Act 146 of 2000.</p> <p>A statement indicating whether the taxable value of the property proposed to be exempt plus the aggregate taxable value of property already exempt under Public Act 146 of 2000 and under Public Act 198 of 1974 (IFT's) exceeds 5% of the total taxable value of the unit.</p> <p>A statement of the factors, criteria and objectives, if any, necessary for extending the exemption, when the certificate is for less than 12 years.</p> <p>A statement that a public hearing was held on the application as provided by section 4(2) of Public Act 146 of 2000 including the date of the hearing.</p> <p>A statement that the applicant is not delinquent in any taxes related to the facility.</p> <p>If it exceeds 5% (see above), a statement that exceeding 5% will not have the effect of substantially impeding the operation of the Qualified Local Governmental Unit or of impairing the financial soundness of an affected taxing unit.</p> <p>A statement that all of the items described under "Instructions" (a) through (f) of the Application for Obsolete Property Rehabilitation Exemption Certificate have been provided to the Qualified Local Governmental Unit by the applicant.</p> | <p>A statement that the application is for obsolete property as defined in section 2(h) of Public Act 146 of 2000.</p> <p>A statement that the commencement of the rehabilitation of the facility did not occur before the establishment of the Obsolete Property Rehabilitation District.</p> <p>A statement that the application relates to a rehabilitation program that when completed constitutes a rehabilitated facility within the meaning of Public Act 146 of 2000 and that is situated within an Obsolete Property Rehabilitation District established in a Qualified Local Governmental Unit eligible under Public Act 146 of 2000 to establish such a district.</p> <p>A statement that completion of the rehabilitated facility is calculated to, and will at the time of issuance of the certificate, have the reasonable likelihood to, increase commercial activity, create employment, retain employment, prevent a loss of employment, revitalize urban areas, or increase the number of residents in the community in which the facility is situated. The statement should indicate which of these the rehabilitation is likely to result in.</p> <p>A statement that the rehabilitation includes improvements aggregating 10% or more of the true cash value of the property at commencement of the rehabilitation as provided by section 2(l) of Public Act 146 of 2000.</p> <p>A statement of the period of time authorized by the Qualified Local Governmental Unit for completion of the rehabilitation.</p> |
|--|---|

PART 3: ASSESSOR RECOMMENDATIONS

Provide the Taxable Value and State Equalized Value of the Obsolete Property, as provided in Public Act 146 of 2000, as amended, for the tax year immediately preceding the effective date of the certificate (December 31st of the year approved by the STC).

| Taxable Value | State Equalized Value (SEV) | |
|---------------------------|-------------------------------|-----------------------------------|
| Building(s) | | |
| Name of Governmental Unit | Date of Action on application | Date of Statement of Obsolescence |

PART 4: CLERK CERTIFICATION

The undersigned clerk certifies that, to the best of his/her knowledge, no information contained herein or in the attachments hereto is false in any way. Further, the undersigned is aware that if any information provided is untrue, the exemption provided by Public Act 146 of 2000 may be in jeopardy.

| | | | |
|-------------------------|------------------|------------|---------------|
| Name of Clerk | Clerk Signature | Date | |
| Clerk's Mailing Address | City | State | ZIP Code |
| | Telephone Number | Fax Number | Email Address |

Mail completed application and attachments to: Michigan Department of Treasury
State Tax Commission
P.O. Box 30471
Lansing, Michigan 48909-7971

If you have any questions, call (517) 373-2408.

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

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ADMINISTRATIVE RULES OF THE STATE TAX COMMISSION

Part 9. Obsolete Property Rehabilitation Exemption Certificate

R 209.91 Obsolete property rehabilitation exemption certificate.

Rule 91. (1) An applicant shall apply for obsolete property rehabilitation exemption certificate on a form prescribed by and furnished by the commission. The applicant shall file a complete application and any explanatory documents as determined by the commission with the commission. A local legislative body shall not approve an application unless it meets the requirements of 2000 PA 146, MCL 125.2781 to 125.2797.

(2) All complete applications for obsolete property rehabilitation act exemption received through October 31 shall receive consideration and action by the commission before December 31. An application received on or after November 1 shall be considered by the commission contingent upon staff availability.

(3) All obsolete property rehabilitation act applications submitted to the commission must include a statement from the assessor of the local unit indicating the type and amount of obsolescence for the facility requesting consideration of exemption.

(4) All obsolete property rehabilitation act applications submitted to the commission must indicate the prior year's actual taxable value. If the prior year's taxable value was zero (\$0) based on a prior year's tax exempt status, the local governmental unit's assessor shall determine the property's prior year actual taxable value as if the property had not been tax exempt. An obsolete property rehabilitation exemption certificate will not be issued or frozen at a zero taxable value that is the result of a prior year's tax exempt status.

(5) The commission shall not issue an obsolete property rehabilitation exemption certificate for a property that is already included on another specific tax roll. Property covered under an obsolete property rehabilitation exemption certificate may not be included on any other specific tax roll while receiving the obsolete property rehabilitation act exemption.

Effective March, 2013

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Frequently Asked Questions

The following frequently asked questions are being provided by the State Tax Commission as a service to assessors and taxpayers to better inform them about the administration of Public Act 146 of 2000, as amended. **Note: The information contained in these frequently asked questions constitutes an analysis of one or more statutes and not legal advice. Since the analysis is limited to general statutory requirements, individual facts may result in different conclusions being reached. Therefore, individuals may wish to consult legal counsel.**

1. What is an Obsolete Property Rehabilitation Exemption?

The Obsolete Property Rehabilitation Act (OPRA), PA 146 of 2000, as amended, provides tax exemptions for commercial and commercial housing properties that are rehabilitated and meet the requirements of the Act. Properties must meet eligibility requirements including a statement of obsolescence by the local assessor. The property must be located in an established Obsolete Property Rehabilitation District. Exemptions are approved for a term of 1-12 years as determined by the local unit of government. The property taxes for the rehabilitated property are based on the previous year's (prior to rehabilitation) taxable value. The taxable value is frozen for the duration of the exemption. Additionally, the State Treasurer may approve reductions of half of the school operating and state education taxes for a period not to exceed 6 years for 25 applications annually. Applications are filed, reviewed and approved by the local unit of government, but are also subject to review at the State level by the Property Services Division. The State Tax Commission (STC) is responsible for final approval and issuance of OPRA certificates. Exemptions are not effective until approved by the STC.

2. How do you apply for an Obsolete Property Rehabilitation Exemption Certificate?

An application for the Obsolete Property Rehabilitation Exemption can be found at the Michigan Department of Treasury website: www.michigan.gov/propertytaxexemptions.

File three (3) copies of the completed application and all attachments with the clerk of the local governmental unit where the property is located. You must meet the following qualifications of the Act:

- a. The property must be located within a qualified local governmental unit defined under MCL 125.2782(k).
- b. The property must be located within an obsolete property rehabilitation district defined under MCL 125.2782(i)
- c. The property has been determined by the assessor to be an obsolete property defined under MCL 125.2782(h).

3. Who establishes an Obsolete Property Rehabilitation District?

The legislative body of a qualified local governmental unit may establish an Obsolete Property Rehabilitation District on its own initiative or upon a written request filed by the owner(s) of property comprising of at least 50% of all taxable value of the property located within the proposed Obsolete Property Rehabilitation District.

4. What requirements must be met to gain approval at the local governmental unit level?

The owner of the obsolete property must file an application with the local governmental unit that established the Obsolete Property Rehabilitation District. The application shall contain or be accompanied by a general description of the obsolete facility and a general description of the proposed use of the rehabilitated facility; the general nature and extent of the rehabilitation to be undertaken; a descriptive list of the fixed building equipment that will be a part of the rehabilitated facility; a time schedule for undertaking and completing the rehabilitation of the

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facility; a statement of the economic advantages expected from the exemption, including the number of jobs to be retained or created as a result of rehabilitating the facility, including expected construction employment; and additional information as may be required by the local unit of government. Since individual local units of government may have specific application procedures and requirements, it is recommended that prospective applicants consult with the local unit of government early in the project planning process.

- 5. Who determines if a facility qualifies for an Obsolete Property Rehabilitation Exemption Certificate?**
Initially, that determination is made when the application is filed and reviewed by the local governmental unit. However, the local unit of government's determination is reviewed and either approved, modified or denied by the State Tax Commission (STC). The STC determination is based partly on the assessor's statement of obsolescence, which requires the assessor to visit the site and determine that the property is obsolete.
- 6. Are there provisions in the application process which are time sensitive?**
Yes. To guarantee same year approval, applications must be completed and received by the State Tax Commission no later than October 31st. Applications received after October 31st will be processed based on staff availability.
- 7. What determines the starting date of the Obsolete Property Rehabilitation Exemption Certificate?**
The effective date of the certificate is December 31st immediately following the date of issuance of the certificate by the State Tax Commission.
- 8. Can an application for an Obsolete Property Rehabilitation Exemption Certificate be denied?**
Yes. An application can be denied at the local unit level or by the State Tax Commission if all of the requirements were not met by the applicant.
- 9. What is the term for an Obsolete Property Rehabilitation Exemption Certificate?**
The certificate may be issued for a period of at least 1 year, but not more than 12 years. The total amount of time determined for the certificate, including any extensions, shall not exceed 12 years after the completion of the rehabilitated facility. The certificate shall commence with its effective date and end on the December 30th immediately following the last day of the number of years determined.
- 10. Can an Obsolete Property Rehabilitation Exemption Certificate be transferred or assigned?**
Yes. A certificate may be transferred or assigned by the holder of the certificate to a new owner of the rehabilitated facility if the qualified local governmental unit approves the transfer after application by the new owner.
- 11. Can an Obsolete Property Rehabilitation Exemption Certificate (OPREC) be revoked? If yes, who holds the authority to do so?**
Yes. The legislative body of the qualified local governmental unit may, by resolution, revoke the OPREC of a facility if it finds that the completion of rehabilitation of the facility has not occurred within the time authorized by the legislative body in the exemption certificate or a duly authorized extension of that time has not been received. In addition, the certificate may be revoked if the holder of the OPREC has not proceeded in good faith with the operation of the rehabilitated facility in a manner consistent with the purposes of this act and in the absence of circumstances that are beyond the control of the holder of the exemption certificate.

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CITY OF ESCANABA, DELTA COUNTY, MICHIGAN FACTORS & CRITERIA FOR CONSIDERATION OF EXTENSION OF OBSOLETE PROPERTY REHABILITATION EXEMPTION ORIGINALLY GRANTED FOR FEWER THAN 12 YEARS

The owner of a property which has been granted an Obsolete Property Rehabilitation Exemption for less than the 12-year maximum may request an extension of the exemption up to the full twelve years allowed by PA 146 of 2000. The City of Escanaba will consider an extension request after reviewing any of the following which may apply:

1. Work on an incomplete project has been continuous and measurable.
2. The original investment is made and the work is complete, but the owner wants to expand the project.
3. Fulfillment of the original rehabilitation is nearing completion, but requires additional time.
4. The property is changing ownership and the new owners plan additional investment and rehabilitation as demonstrated by their business plan.
5. A natural disaster, act of God or other extreme action beyond the owner's control, such as fire or flood, has partially destroyed the property or prevented completion of the project and the damage can be repaired.
6. To the extent that the rehabilitation is complete, it can be determined that the project will meet its goal of increasing commercial activity and/or creating or retaining employment.
7. The exemption holder has maintained the exempted property in accordance with the City of Escanaba's Property Maintenance Ordinance to the extent it is possible.
8. Any combination of the above considerations or any extenuating circumstance which may demonstrate the need for an extension.

Prior to requesting an extension of the term of the exemption, the applicant will send a written request to the city assessor's office, stating the reason for the extension and the goals which he or she plans to achieve. The city assessor will physically inspect the site and present the request to the city council to schedule a public hearing.

Only one extension of term may be granted for any Obsolete Properties Rehabilitation Exemption.