



New Personal Property Exemption

OVERVIEW

The New Personal Property Tax Abatement is an incentive used to encourage new or expanding business in the State of Michigan. The eligible types of business are: manufacturing, mining, research and development, wholesale trade, or office operations. In order to qualify for the tax abatement, the personal property must be placed in an “eligible district”. Only new personal property will be exempted under the tax abatement. The advantage to the taxpayer is a savings on property taxes.

TAX IMPACT

There are no taxes on personal property that is covered under the new personal property tax exemption. This is a 100% tax exemption. The term limit is established by the local governmental unit on a by-project basis.

POLICY AND ELIGIBILITY CRITERIA

- An owner or lessee of an eligible business may file an application for an exemption
- Any personal property that is purchased after the exemption is granted qualifies for the exemption
- An “eligible district” is any one of: an Industrial Development District, a Renaissance Zone, an Enterprise Zone, a Brownfield Redevelopment Zone, an Empowerment Zone, an Authority District or Development Area, a Downtown District, or a Next Michigan Development District
- Applicant must demonstrate that “but for” the abatement the project is not financially feasible
- The approval of an abatement must provide a net positive revenue gain to the City
- Project is consistent with the City’s comprehensive plans, applicable corridor strategies or other strategic initiatives including hiring and procurement plans

Receiving a PA 328 tax abatement is a two-step process; it must be determined that the business is an eligible business and that it is located within an “eligible district”, then a PA 328 Certificate can be awarded. Only new personal property purchased after the Certificate is in place is eligible for the exemption.

DISTRICT DETERMINATION PROCESS

1. Project scoping, evaluation and statutory review meeting with DEGC
2. Determine if the business is eligible and if the location is within an eligible district
3. Application intake and financial review: Applicant submits project narrative and project financials to DEGC for underwriting and to determine economic and fiscal impacts
4. DEGC presents the project and recommendation to city officials for consideration

CERTIFICATE APPLICATION PROCESS

1. Applicant submits letter requesting the establishment of the PA 328 Certificate and application to City of Detroit Clerk’s Office (State of Michigan form 3247)
2. City departments draft supporting reports and documentation
3. Tax Abatement Agreement is developed and signed by the Applicant
4. City Council holds public hearing and adopts resolution to approve the Certificate