



Plant Rehabilitation and Industrial Facilities Act

OVERVIEW

The Plant Rehabilitation and Industrial Facilities Tax Abatement is an incentive used to encourage the redevelopment and expansion of aging facilities, assist in the building of new facilities, and to promote the establishment of high tech facilities. Either an Industrial Development District (IDD) or a Plant Rehabilitation District (PRD) must be established prior to initiating a project. The advantage to the taxpayer is a savings on property taxes.

TAX IMPACT

For the IDD, all real property improvements are taxed at 50% of the standard millage rate for up to 12 years. For the PRD, the tax incentive freezes the taxable value of the building at the current value for up to 12 years, exempting real property improvements from all local property taxes besides School Operating and State Education taxes.

POLICY AND ELIGIBILITY CRITERIA

- Applicant must have 75% of the state equalized value of the industrial property located within a proposed commercial rehabilitation 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 198 tax abatement is a two-step process; first a PA 198 District (IDD or PRD) must be established and only then can a PA 198 Certificate be awarded. Commencement of the rehabilitation of the qualified facility cannot occur before the establishment of the PA 198 District (IDD or PRD). Additionally, a Certificate application must be submitted within 6 months of commencement of the project.

DISTRICT PROCESS

1. Project scoping, evaluation and statutory review meeting with DEGC
2. Application intake and financial review: Applicant submits project narrative and project financials to DEGC for underwriting and to determine economic and fiscal impacts
3. DEGC presents the project and recommendation to City officials for consideration
4. Applicant submits letter requesting the establishment of the PA 198 District to City of Detroit Clerk’s Office
5. City departments draft supporting reports and documentation
6. Detroit City Council holds a public hearing and adopts a resolution establishing the district

CERTIFICATE APPLICATION PROCESS

1. Owner of the qualified property within the district files an application for a PA 198 Certificate with the City of Detroit Clerk’s Office (State of Michigan form 1012)
2. Tax Abatement Agreement is developed and signed by the Applicant
3. City Council holds public hearing and adopts resolution to approve the Certificate