

Abatement Executive Summary 2023

For this report the 2023 taxable values are used. Investment and job creation data is taken from the 2023 Annual Abatement Information survey sent to all certificate holders and the historic application.

To facilitate economic development the City of Battle Creek offers several different property tax abatements. For all abatement programs, a district must be established before an abatement can be granted. The State Tax Commission (STC) is ultimately responsible for final approval and issuance of certificates, as well as the revoking of certificates. The following is a description of those currently active programs:

Industrial Facilities Tax (IFT) Exemption

P.A. 198 of 1974, as amended (enacted July 9, 1974)

Provides a tax incentive to eligible manufacturers to enable renovation and expansion of aging facilities, assist in the building of new facilities, reduce unemployment, promote economic growth, increase the tax base, attract new business, encourage expansion of existing industry and create new jobs.

The law enabling the IFE (formerly known as IFT) started in 1974. By the end of 1975 the City had created two Industrial Development Districts (IDD). The first was at the Kellogg Company Plant on Porter Street (Resolution 137 of July 1, 1975) and the second was the Fort Custer Industrial Park (Resolution 345 of December 2, 1975).

The last IDD created was by Resolution 158 of July 21, 2020 for the facility at 211 Watkins Road.

Currently, 17 different companies have been granted 25 IFT certificates. Currently there are two (2) new companies (Cives Corporation and Cosma Casting Michigan) that have submitted applications to the state for certificates that will be reflected in the 2023 Abatement Status Report. Five (5) certificates on the status report have expired). Of the 25 certificates, twenty (20) were for both real and personal property, five (5) were for real property only. Of the current 25 IFT abatements, a total of 5,282 jobs have been created or retained and a total investment of \$103,278,334 has been made in building and equipment improvements. As part of every resolution, the twelve (12) year abatement begins after construction is completed.

Prairie Farms Dairy Inc. has the largest number of active abatements with three (3) abatements.

Beginning with assessment year 2016 all new personal property became exempt. Resolution No. 30 of 12/20/16 discontinued exemptions of personal property. Under the old guidelines an application for real property or a combination of real and personal property could be granted up to 12 years. An application for personal property only, could be granted up to 6 years.

As seen by the attached chart, the oldest certificates we have were granted in 2010. These certificates were for Geislinger Corporation, Roesler Metal Finishing USA, and TODA America Inc. All three certificates will expire at the end of 2023.

The newest certificates (2022) were issued for Bowers Aluminium and Dieomatic Inc./Cosma Castings.

The **Obsolete Property Rehabilitation Tax Abatement (OPRA)** is an incentive used to encourage the redevelopment of commercial or commercial mixed used buildings that are contaminated, blighted, or functionally obsolete. The goal is to rehabilitate older buildings into vibrant commercial and mixed-use projects. Some other desired outcomes are to:

Increase Commercial Activity

Create employment

Retain employment

Prevent a loss of employment

Revitalize urban areas

Increase number of residents in the community in which the facility is located.

Commercial property can also include 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.

As part of the application, the applicant must sign an affidavit that the project would not commence if not for this abatement. At least one original wall of the obsolete building must be left to qualify for the abatement.

The first two OPRA's granted were actually located in the City of Springfield. Through a 425 Agreement, Battle Creek by its status as a core community, was able to grant OPRA abatements to assist two car dealerships in renovating their properties. Those abatements expired along with the 425 Agreement.

The third, and current oldest, OPRA certificate was granted to BC Equities LP to renovate the former Old Kent Bank building at 67 West Michigan Ave. The abatement is scheduled to expire at the end of 2023. Their tenant moved out in 2021 and the removal of 270 jobs is reflected in the 2021 Abatement Status Report.

The OPRA granted to Covance Laboratories in 2010 is also set to expire at the end of 2023.

The newest OPRA's were granted to Bijou Lofts LLC and Plumeria LLC with an effective date of December 31, 2022. Bijou Lofts is renovating the property at 17 W Michigan Avenue. Plumeria is renovating the property at 660 SW Capital Avenue.

The current 13 OPRA abatements, a total of 148 jobs have been created of the 714 total jobs per the applications. A total investment of 65,461,870 will be made in building and fixed equipment improvements once all the projects are complete.

In 2020, the OPRA Certificate for McCullough Investments LLC was revoked due to the facility closing.

The Commercial Rehabilitation Act (CRA), PA 210 of 2005, as amended

Similar to an OPRA, the Commercial Rehabilitation Act (CRA) affords a tax incentive for the rehabilitation of commercial property for the primary purpose and use of a commercial business or multi-family residential facility. The property must be located within an established Commercial Rehabilitation District (DDA, LDDA qualify). Otherwise a minimum of three (3) acres is required. Unlike the OPRA which can be granted up to 12 years and one original wall has to remain, under the CRA exemptions can be approved for a term up to 10 years, and the original building can be demolished and a new building constructed.

The first and only Commercial Rehabilitation Act exemption granted by the City was to Mason Capital LLC in 2010. Mason Capital razed an old drive through bank located at 2550 Capital Avenue SW and have built a new neighborhood shopping center. As of August 2020, the project has created 21 jobs. The certificate is set to expire at the end of 2023.

The Neighborhood Enterprise Zone (NEZ) Act, PA 147 of 1992, as amended

Provides for the development and rehabilitation of residential housing located within eligible distressed communities. New and rehabilitated facilities 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 new and rehabilitated facility certificates

After an application is approved locally, it goes to the STC who reviews the application, then places it in abeyance until the project is completed. When the project is completed a certificate is then issued for the 15-year period. The original obsolete building value of the NEZ applicant is frozen for the 15-year period.

There is one current NEZ abatement that was issued in 2020. The NEZ certificate is for Heritage Tower BC, who developed new apartment units in the now called Milton building. The certificate is set to expire at the end of 2034.

The largest number of abatements occurred in 2001, when there were 63 active certificates in effect.

Information on all available State Property Tax Exemptions can be found at the following link: https://www.michigan.gov/taxes/0,4676,7-238-43535_53197---,00.html