

CITY OF EAST LANSING

POLICY RESOLUTION NO. 2008-1

Policy Resolution 2008-1 replaces Policy Resolution 2000-7

A RESOLUTION ESTABLISHING GUIDELINES FOR GRANTING PERSONAL PROPERTY TAX EXEMPTIONS PURSUANT TO 1998 PA 328.

WHEREAS, 1998 PA 328 (“the Act”) allows eligible local communities to exempt from taxation all new personal property of an eligible business as an economic development incentive; and

WHEREAS, the City of East Lansing is a participant in the Lansing Regional SmartZone and in partnership with its Downtown Development Authority is establishing the Downtown East Lansing Incubator to foster high-tech business development and job growth;

NOW THEREFORE, IT IS RESOLVED, the following guidelines are established for the granting of personal property tax exemptions pursuant to the Act.

1. The City Council will consider exemptions on the merits of each individual project and the overall benefits to the City of East Lansing that result from granting the exemption.
2. The minimum criteria for consideration of an exemption are as follows:

The businesses must be eligible under the Act, defined as “business engaged primarily in manufacturing, mining, research and development, wholesale trade, or office operations.” Retail operations are not eligible.

The businesses must also meet one of the following criteria:

- A. **Established Business -**
Businesses currently in East Lansing or relocating to East Lansing must create or retain at least 1 job for every \$100,000 of combined new investment in real and/or personal property directly related to the eligible business activity. The minimum job creation and/or retention is ten jobs and the minimum new investment is \$1,000,000 in real and/or personal property.
- B. **High-Tech Business**
Information Technology companies and companies that are an eligible business as defined by the State of Michigan’s 21st Century Jobs Fund criteria (Advanced Automotive, Manufacturing, and Materials; Alternative Energy; Homeland Security and Defense; and Life Sciences) would qualify. There minimum investment for start-up companies is \$5,000 in personal property. Established companies must meet the minimum investment criteria under the **Established Business** category.
- C. **SmartZone Incubator Business**
The business is a current or future tenant, as demonstrated by an executed lease or letter of intent, in the Downtown East Lansing SmartZone incubator. The minimum

investment in personal property is \$5,000.

3. The term of any exemption will be dependent on the average useful life of the personal property to be exempted and the total economic impact of the investment and job creation/retention. No exemption granted shall exceed ten years.
4. To obtain an exemption, an applicant must:
 - A. Be current with all local and state taxes owed in Michigan.
 - B. Be in compliance with all applicable City of East Lansing ordinances.
 - C. Enter into a memorandum of agreement with the City of East Lansing referencing the conditions as stated in this policy.
 - D. Furnish written statements attesting to the financial investment the proposed project encompasses and verification of job creation and/or retention where applicable.
5. All personal property subject to an exemption must be installed within two (2) years of approval of the personal property tax exemption by the City Council.
6. Any transfer of an approved exemption is contingent upon City Council approval.
7. The East Lansing City Council reserves the right to waive any portion of these guidelines or place additional requirements upon an applicant based on its analysis of the merit of any proposed project.

Victor W. Loomis, Jr., Mayor
Adopted: January 16, 2008

Moved by Councilmember: Peters
Supported by Councilmember: Beard

Yeas: 5
Nays: 0

CLERK'S CERTIFICATION: I hereby certify that the foregoing is a true and complete copy of a Policy Resolution adopted by the East Lansing City Council at its regular meeting held on Tuesday, January 16, 2008, the original of which is part of the Council's minutes.

Sharon Reid, City Clerk
City of East Lansing
Ingham County, Michigan

Drafted by and approved as to form:

Dennis E. McGinty (P17407)
East Lansing City Attorney