Frequently Asked Questions

Industrial Facility Exemption

Abbreviations

Act: Act 198 of 1974
AV: Assessed Value
IDD: Industrial Development District
IFEC: Industrial Facilities Exemption Certificate
IFT: Industrial Facilities Tax
MCL: Michigan Compiled Law
PA: Public Act
PRD: Plant Rehabilitation District
PTD: Property Tax Division
SEV: State Equalized Value
STC: State Tax Commission
TV: Taxable Value

1. What is the difference between an Industrial Development District and a Plant Rehabilitation District?

The main difference is that an Industrial Development District covers only new facility projects and a Plant Rehabilitation District (PRD) is designed primarily for rehabilitation projects and requires a finding that 50% or more of the industrial property within the district is obsolete. (See MCL 207.554(5) The 50% obsolescence requirement is measured by dividing the State Equalized Value (SEV) of the obsolete properties by the SEV of all the properties in the district and multiplying the result by 100.

2. Do you recommend that a PRD include only the project that is currently being rehabilitated?

The PTD staff does recommend that a Plant Rehabilitation District (PRD) only include the project currently being rehabilitated. This is actually a recommendation which allows applicants to apply for additional replacement facilities where they otherwise might not be allowed. This is true because, in order to have a plant rehabilitation district, at least 50 percent of the properties in the rehabilitation district must be obsolete. This is measured by dividing the State Equalized Value (SEV) of the obsolete properties in the district by the SEV of all of the properties in the district and multiplying the result by 100.

In the case of a district which was created many years ago and encompassed many separate buildings, many separate IFT certificates would have been issued over the years. The result is that when the assessor calculates whether 50 percent of the properties in the district are obsolete, there are so many new and rehabilitated properties in the district which are not obsolete and which have returned to the ad valorem roll, that the 50 percent requirement cannot be met.

The following procedure has been utilized to assist all concerned in identifying the exact perimeter of the project that is being replaced and the taxable value to be frozen.

A. Designate a PRD with a legal description that specifically matches the description of the replacement portion or project to be rehabilitated in the application. The legal description of the district will encompass only the building or portion of the building or machinery and equipment that is being rehabilitated.

> Note: While there is no provision in the Act to dissolve a district, a local unit may wish to consider writing a sunset clause in the PRD resolution, with the intent to dissolve the established PRD when the obsolescence is cured. The rationale behind this recommendation is that, after the completion of the rehabilitation project, it is likely that there is no longer 50% obsolescence to meet the requirement for an existing PRD district. If a district can be dissolved, it would preclude a company from applying to continue the frozen assessment because it would be necessary to re-establish the PRD. This would give the local unit the opportunity to un-freeze the assessment.
> If a PRD includes more than the property currently being rehabilitated, an exemption certificate may be granted in the future to additional properties even though the local unit objects to it.

B. Request that the assessor provide the Taxable Value of all of the real and/or personal property contained within the boundaries of the specifically described PRD. This figure becomes the frozen Taxable Value of the facility.

> It has always been the practice of the State Tax Commission to request that the SEV/TV of the entire PRD for a rehab project be frozen. Many of the early applications involved projects in large established PRD districts where the SEVs of the entire PRDs were later found to include additional buildings/personal property that were contained within the district and frozen but were not being rehabilitated at the time of the application. This was sometimes found to be detrimental to both the company and the local units. The detriment for companies was that there was no allowance on frozen assessments for the depreciation of buildings or equipment. In order to correct the frozen assessment, the company would have to request revocation of the certificate.

3. What is Industrial Property?

In order to qualify for the IFEC, property must fit the definition of industrial property. Industrial Property is defined in section 2 of the Act as follows:

> "Industrial property" means land improvements, buildings, structures, and other real property, and machinery, equipment, furniture, and fixtures or any part or accessory whether completed or in the process of construction comprising an integrated whole, the primary purpose and use of which is:
>
> - The engaging in a high-technology activity,
> - The manufacture of goods or materials,
> - The processing of goods and materials by physical or chemical change;
>
> Note: "Manufacture of goods or materials' or "processing of goods or materials" means any type of operation that would be conducted by an entity included in the classifications provided by section 31-33 -- manufacturing, of the North American industry classification system -- United States, 1997, published by the Office of Management and Budget, regardless of whether the entity conducting that operation is included in that manual.
>
> - Property acquired, constructed, altered, or installed due to the passage of proposal A in 1976;
> - The operation of a hydro-electric dam by a private company other than a public utility;
> - Agricultural processing facilities,

- Facilities related to a manufacturing operation under the same ownership, including, but not limited to, office, engineering, research and development, warehousing, or parts distribution facilities,
- Research and development laboratories of companies other than those companies that manufacture the products developed from their research activities,
- Research development laboratories of a manufacturing company that are related to the products of the company,
- An electric generating plant that is not owned by a local unit of government if the application is approved by the legislative body of a local government unit between June 30, 1999 and June 30, 2002,
- Convention and trade centers over 250,000 square feet in size.

Note: Industrial property may be owned or leased. However, in the case of leased property, the lessee is liable for payment of ad valorem property taxes and shall furnish proof of the liability

Industrial property does not include any of the following:

- Land.,
- Property of a public utility other than an electric generating plant that is not owned by a local unit of government for which an application was approved by the legislative body of a local governmental unit between June 30, 1999 and June 30, 2002,
- Inventory.

4. What constitutes obsolescence?

The assessor must make a recommendation to the local governing unit that 50% or more of the property to be contained in a plant rehabilitation district is obsolete. "Obsolete industrial property" is defined in MCL 207.552(7) as "… industrial property the condition of which is substantially less than an economically efficient functional condition." "Economically efficient functional condition" is further defined in MCL 207.552(8) as "… a state or condition of property the desirability and usefulness of which is not impaired due to changes in design, construction, technology, or improved production processes, or from external influencing factors which make the property less desirable and valuable for continued use." The following are examples of the restoration of obsolete industrial property from MCL 207.553(6): Restoration includes major renovation including but not necessarily limited to the improvement of floor loads, correction of deficient or excessive height, new or improved building equipment, including heating, ventilation, and lighting, reducing multistory facilities to 1 or 2 stores, improved structural support including foundations, improved roof structure and cover, floor replacement, improved wall placement, improved exterior and interior appearance of buildings, improvements or modifications of machinery and equipment to improve efficiency, decrease operating costs, or to increase productive capacity, and other physical changes as may be required to restore the industrial property to an economically efficient functional condition, and shall include land and building improvements and other tangible personal property incident to the improvements. When the planned improvements are less than 10 percent of the true cash value of the industrial property, the improvements are delayed maintenance. (See MCL 207.553(6).

5. Can a local unit refuse to establish an industrial development district or a plant rehabilitation district?

A local unit can refuse to establish a district and the applicant can appeal no further. Once the district is established, the local unit cannot stop an application within the established district from being submitted, acted upon and given the full right to the appeal process.

6. Is there a procedure for dissolving an industrial development district or a plant rehabilitation district?

The Act provides the procedures for establishing districts but makes no provision for dissolving districts. The State Tax Commission has been advised by its legal counsel that it has no basis to respond to the question of how to dissolve a district because neither the law nor the Tax Commission rules provide any direction in the matter. While the PTD might speculate that the correct way to dissolve an IDD would be by notice to owners within the district and public notice to all others concerned (in the same manner as a district is created), this is still speculation and is not supported by the law or by court rulings. If there is a disagreement between a taxpayer and a municipality, the parties should consult their legal counsel regarding a possible solution.

7. Is there a limit on the amount of an application fee which may be charged by a local unit of government for the cost of processing the application for an IFEC?

Public Act 198, as amended by Public Act 323 of 1996, specifically limits the amount of an exemption certificate application fee which may be charged by a unit of local government to the lesser of the actual cost of processing the application or two percent of total property taxes abated during the term that the exemption certificate is in effect. Act 198, as amended, specifically prohibits units of local government from charging exemption certificate applicants any other fee. To ensure compliance with Act 198, the STC requires that there be attached to all exemption certificate applications an affidavit, signed by an official of the unit of local government and by a representative of the applicant, which states that no payment of any kind in excess of the fee allowed by Act 198 has been made or promised in exchange for favorable consideration of an exemption certificate application. If the STC determines, after an exemption certificate has been issued, that a payment of any kind in excess of the fee allowed by Act 198 has been made or promised, the STC shall revoke the exemption certificate and may pursue other appropriate sanctions against the parties. It has come to the attention of the State Tax Commission (STC) that some units of local government may be requiring, as a condition precedent to approving Industrial Facilities Exemption Certificates pursuant to Public Act 198 of 1974, that applicants make, or promise to make, payments to the unit of local government. Whether they be referred to as "fees," "payments in lieu of taxes," "donations," or by other like terms, such payments are contrary to the legislative intent of Act 198 that exemption certificates have the effect of abating all ad valorem property taxes levied by taking units within the unit of local government which approves the exemption certificate. The preceding discussion of application fees is taken from STC Bulletin 3 of 1998 which can be accessed on the Treasury Department Web site.

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8. Are there provisions in the application process which are time sensitive?

The State Tax Commission advises that Public Act 198 of 1974 contains several provisions which cause the application process to be very time-sensitive.

The following are examples:

1. Section 4(3) of the act requires that the request for the establishment of a proposed plant rehabilitation district or industrial development district must be made prior to the start of construction of the property for which exemption is being sought.

2. Section 9(2)(c) provides that the start of construction of the facility cannot occur more than 6 months before the filing of the application for the IFEC with the clerk of the local unit of government.

3. Section 5(1) provides that the application for the IFEC is not officially filed until the district has been established.

4. State Tax Commission Rule No. 57 states that a complete application (with all required attachments) received by the State Tax Commission on or before October 31 will be acted on by the Commission before December 31 of that year. Applications received after October 31 will be processed contingent upon staff availability.

5. Section 3(8)(b) provides that a speculative building must be constructed before a specific user of the building is identified.

9. Is there a limit on the amount of time that an applicant can take to complete a project?

Section 15 of Act 198, P.A. 1974 states that a certificate can be revoked if the project has not been completed in a two year time period from the issuance of the certificate. STC Rule #53, generally allows up to a one-year extension of the time to complete a project. If a resolution is received by the STC and it does not specifically state that the local unit is granting a three year construction completion period, the assumption is made that the local unit is only granting a two year construction completion period based on the statute cited. Companies may obtain up to a third year to complete construction through a resolution granting a one-year extension of time as outlined in STC Rule #53.

R 209-53 Extension of time to complete projects; request
Rule 53. (1) A request for an extension of time for completion of a project, including the installation of all tangible personal property, provided for in section 15(2) of Act No. 198 of the Public Acts of 1974, as amended, being 207.565(2) of Michigan Compiled Laws, shall be filed with the local unit of government.

(2) Upon receipt of a request for extension, the local unit may do any of the following:

1. Deny the request.

2. Approve the request with no change in the ending date of the certificate as issued.

3. Approve the extension of time for the completion of the project and a revised ending date on the certificate.

(3) A request for an extension of time for the completion of a project shall be filed with the commission by the certificate holder and shall be accompanied by a resolution of approval adopted by the local governmental unit.

NOTE: Please see section 7a of the act for the construction period of a facility whose cost will exceed $150,000,000 of state equalized value.

NOTE: An extension of time as provided by STC Rule 53 must be approved by the STC as provided by MCL 207.565(2). This extension must be "for good cause"

10. What happens when the cost of a project or the size of a project turns out to be greater than was stated on the original application?

The PTD staff distinguishes between an increase in scope versus an amendment of the project. If the original application listed 10 computers at a total cost of $20,000 but it turns out that the 10 computers cost a total of $25,000, that is an increase in scope. If the original application listed 10 computers at a total cost of $20,000 but it turns out that 20 computers are purchased at a total cost of $40,000, that is an amendment. STC Rule 54 reads as follows: Rule 54. (1) If the final cost of a project, either the real or tangible personal property components, will be greater by more than 10% of the estimated amount in item 6 of application form L-4380, a certificate holder shall request that the local governmental unit approve the revised cost. (2) If a local unit of government approves a revised cost in accordance with subrule (1) of this rule, the holder of the certificate shall request that the commission issue a revised certificate. The request shall be accompanied by a copy of a resolution of approval adopted by the local governmental unit. If there is an increase in scope of the project which exceeds the original approved amount by 10% or less, it is not necessary that the local unit approve the new amount. If there is an increase in scope which exceeds the original approved amount by more than 10%, the procedures in STC Rule 54 must be followed. When additional real and/or personal property components are added, an amendment to the project has occurred, regardless of the dollar amount of the additional property and must be approved at the local level and finally by the STC.

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11. Can a replacement facility which is real property include more floor space than the original obsolete facility?

Section 2(3) of the Act states that a replacement facility can consist of either replacement or restoration.

Section 3(5) of the Act defines replacement as "… the complete or partial demolition of obsolete industrial property and the complete or partial reconstruction or installation of new property of similar utility. "Replacement" usually involves the construction of a new building or part of a building. "Restoration", as defined as section 3(6) of the Act involves the restoration of an existing building rather than the construction of a new building.

When replacement includes additional floor space, it can still be a replacement facility provided that the building does not exceed the size of the original building by more than 10%.

If the replacement building exceeds the size of the original building by more than 10%, the additional space over 10% must be treated as a new facility. The tax on a new facility is calculated differently from the tax on a replacement facility. See section 14 of the Act regarding the calculation of the industrial facility tax for new and replacement facilities. When restoration includes more floor space than the original building, ALL of the additional floor space is treated as a new facility.

12. What is the starting date of an Industrial Facilities Exemption Certificate (IFEC)?

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13. Is it possible for an industrial facilities exemption certificate to remain in effect for more than 12 years?

The local unit determines the number of years granted for an abatement request. The number of years can be anywhere from 1 to 12 years with the exception discussed below for the period of construction. If the local unit wishes to grant exactly twelve years, it should state this in the resolution as discussed below in Example 1. If the local unit chooses to grant the applicant a period of time greater than twelve years, (that is 1-2 years as partially complete and 12 years as fully complete) the local unit should use the language discussed in Example 2 below to accomplish this.

Example 1. If the resolution states "12 years.", the ending date of the certificate will be 12 years added to the tax day on which the exemption becomes effective.

Example 2. If the resolution states "12 years after completion", the ending date of the certificate will be 12 years added to up to 2 years of construction time. This would allow up to a 14-year abatement period. This could be further extended if an extension of time is granted as provided by STC Rule #53. See Question #9.

14. Why is a certificate sometimes issued by the STC for a longer period than was approved by the local unit?

This office receives many inquiries from local units asking why a certificate was issued by the STC for a period longer than the years granted by the local unit. Frequently, the answer is that the local unit's resolution stated the number of years "after completion". The resolution may be corrected anytime before the file is submitted to the STC for issuance of the certificate. After certificate issuance, no correction is allowed, except for the situations described in question 17.

15. Why are the dollar amounts on some Industrial Facilities Exemption Certificates different from what was applied for?

If the dollar amounts on a certificate are different from what was applied for, it may be due to one of the following reasons:

a) The application was filed more than six months after the start of construction of real property or the start of installation of personal property. See also question #8.

b) Some of the equipment was existing equipment which is not eligible for abatement as new property. See also question #19.

c) Used equipment was purchased from another manufacturing company, not from a broker of used equipment. See also question #19.

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d) The application involves leased property but the property tax liability is not held by the applicant. In order words, the applicant is not responsible for direct payment of taxes to the local unit. See section 2(6) of PA 198 of 1974.

16. Why are some projects approved by the STC as new facilities even though they were submitted as rehabilitation facilities?

If an application was submitted as a rehabilitation facility project, but was approved as a new facility project, it may be due to one of the following reasons:

a) The description of the investment undertaken did not speak to restoration and or replacement of a functionally obsolete facility involving major improvements such as roof, windows, plumbing, heating, code compliances, etc.

b) The plant rehabilitation district (PRD) in which the project is located no longer qualifies as a PRD because at least 50% of the properties in the district are no longer obsolete. Therefore, only "new" facilities can be located in the district, not "rehabilitation" projects.

c) The district established was an Industrial Development District in which only new projects are allowed, not a Plant Rehabilitation District.

d) The local unit's resolution approving this request approved a new facility project, not a rehabilitation project.

17. Can the ending date of a certificate be changed after it is issued by the STC?

The statute calls for the certificate to be issued by the local unit for the number of years it designates. The PTD staff determines the ending date by the language in the resolution. Once the certificate is issued, the ending date can only be changed when one of the following applies:

a) STC Rule 53 which provides for an extension of time to complete the project.

b) Section 7a of the Act which applies to facilities which exceed $150,000,000 of SEV.

c) Section 16a of the Act which applies to certificates effective after 12-31-95 for which the exemption period is shorter than the maximum allowed under section 16.

18. If an IFT certificate is granted for less than 12 years as provided by section 16a of the Act, can the term of the certificate be extended?

Sometimes local units grant less than the 12-year maximum term when granting IFT exemptions based on criteria they have adopted. (See section 16a of the Act.) Some local units wish to allow extensions beyond the original term granted and some do not. A local unit may wish to state in its original resolution the number of years being granted and include an extension provision which contains the criteria to be used to determine whether someone qualifies for an extension. This could be done at the start of the IFT exemption process.

19. What types of equipment qualify as new industrial property as defined in section 2(4) of PA 198 of 1974?

The Tax Commission has interpreted the term "new industrial property" to mean "new to the tax base in Michigan". Following this interpretation, the following would be considered "new industrial property":

1. New equipment purchased from a manufacturer of equipment.
2. Used equipment never before located in Michigan.
3. Used equipment purchased from a broker of used equipment. The thinking here is that, because the prior owner is a broker, the used equipment has lost its status as existing equipment in Michigan because it has become inventory.

The following would not qualify as "new industrial property":

1. Existing equipment already in the possession of the applicant.
2. Existing equipment in the possession of another company located in Michigan.

20. How is the tax computed for a replacement facility?

The Act states that the tax computation for a replacement facility is determined by multiplying the total mills levied as ad valorem taxes by the TV of the real and/or personal property component of the obsolete industrial property for the tax year immediately preceding the effective date of the certificate. A parcel of property holding a "Rehabilitation" Industrial Facilities Exemption Certificate will have two assessments. The land will be assessed on the regular (ad valorem) assessment roll that the assessor has turned over to the March Board of Review. The building, land improvements and personal property (pertaining to the same certificate) will have an assessment on the Industrial Facilities Tax Roll. The taxes on properties holding a "Rehabilitation" or "Replacement" certificate shall be levied against Taxable Value. The Taxable Value of a property on the IFT roll with a "Rehabilitation" or "Replacement" certificate is the amount of the Taxable Value of the real and/or personal property for the tax

year immediately preceding the effective date of the IFT exemption certificate. That amount is "frozen" until the exemption certificate expires. The Taxable Value of a property on the IFT roll covered by a "Rehabilitation" or "Replacement" certificate which began PRIOR TO 1995 will still be the same as the "frozen" SEV for the property until the exemption certificate expires. The Taxable Value of a property covered by a "Rehabilitation" or "Replacement" certificate which BEGAN IN 1995 OR AFTER will be the same as the "frozen" TAXABLE VALUE for the property until the exemption certificate expires. The property's land assessment on the ad valorem roll may be adjusted by the March Board of Review. The IFT Roll assessment of a property with a "Rehabilitation" certificate or "Replacement" certificate CANNOT have its assessment altered by the Board of Review during the life of the certificate.

21. How is the tax computed for a new facility?

The act states that the tax computation for a new facility is determined by multiplying the TV of the facility by 1/2 of the total mills levied as ad valorem taxes for that year by all of the taxing units where the property is located PLUS the entire State Education Tax millage. IMPORTANT: See section 14a of the act which states that the State Treasurer may exclude 1/2 or all of the mills levied under the State Education Tax Act under certain circumstances. A parcel of property holding a "New" Industrial Facilities Exemption Certificate will have two assessments. The land will be assessed on the regular (ad valorem) assessment roll that the assessor has turned over to the March Board of Review. The building, land improvements and personal property (pertaining to the same certificate) will have an assessment on the Industrial Facilities Tax Roll. P.A. 1 of 1996 requires the assessor to calculate a Capped Value and a Taxable Value for the building and land improvements of a parcel of real property holding a "New" Industrial Facilities Tax Exemption Certificate. Taxes on a property holding a "New" Industrial Facilities Tax Exemption (IFT) Certificate shall be levied against the Taxable Value of the property, NOT the State Equalized Value. The Taxable Value of REAL property which has a "New" IFT Exemption Certificate is calculated the same way that Taxable Value is calculated for the non-IFT, ad valorem assessment roll. The property's land assessment on the ad valorem roll may be adjusted by the March Board of Review. The IFT roll assessment of a "New" Industrial Facilities Tax Exemption Certificate may also be adjusted by the March Board of Review.

22. Can a decision of the State Tax Commission regarding an Industrial Facilities Exemption Certificate be appealed?

Section 20 of Act 198 of 1974 states the following: Sec. 20. A party aggrieved by the issuance or refusal to issue, revocation, transfer, or modification of an industrial facilities exemption certificate may appeal from the finding and order of the commission in the manner and form and within the time provided by Act No. 306 of the Public Acts of 1969, as amended. (Note: Act 306 of 1969 is the Administrative Procedures Act.) The Administrative Procedures Act (APA) provides that a request for a rehearing of an STC decision should be filed within 60 days from the date that the STC mailed the certificate (MC 24.304). This appeal must be in writing. If the appellant receives an unfavorable ruling from the STC in the rehearing, the appellant may seek juridical review pursuant to MCL 24.301.

23. What are some of the special provisions which apply to speculative buildings?

Section 3(8) of PA 198 of 1974 defines a speculative building as follows:

(8) "Speculative building" means a new building that meets all of the following criteria and the machinery, equipment, furniture, and fixtures located in the new building: (a) The building is owned by, or approved as a speculative building by resolution of, a local governmental unit in which the building is located or the building is owned by a development organization and located in the district of the development organization. (b) The building is constructed for the purpose of providing a manufacturing facility before the identification of a specific user of that building. (c) The building does not qualify as a replacement facility.

Subsection 8(b) requires that a speculative building be constructed BEFORE a specific user is identified. This law does NOT require that a building be approved by the local governmental unit BEFORE identification of the specific user.

The following are additional requirements specific to speculative buildings:

a. that the speculative building was constructed less than 9 years before the filing of exemption certificate.

b. that the speculative building has not been occupied since completion of construction.

   Important Note: It is sometimes advantageous to divide a speculative building into several smaller units rather than having the entire building be one unit.
   EXAMPLE: If a 50,000 square building is designed to be occupied by 5 separate users, but it is only approved as 1 speculative building, after the first user takes occupancy, the building may be no longer qualify as speculative for future occupants because it may no longer qualify under paragraph "b" above.

24. Can an Industrial Facility Exemption Certificate be transferred to a new owner?

Section 21 of PA 198 of 1974 states the following: Sec. 21. (1) An industrial facilities exemption certificate may be transferred and assigned by the holder of the industrial facilities exemption certificate to a new owner or lessee of the facility but only with the approval of the local governmental unit and the commission after application by the new owner or lessee, and notice and hearing in the same manner as provided in section 5 for the application for a certificate. Once the application for transfer has been presented to the local unit under section 5, the local unit must review the application pursuant to section 9 and issue a decision after a review of the prerequisites and qualifications contained in section 9. If the local unit denies the application, the applicant may appeal to the STC pursuant to section 6. If the local unit approves the application, the STC must make a decision pursuant to section 7. If the local unit disapproves the application and the taxpayer files an appeal with the STC within 10 days, the STC shall review the facility to determine if it meets the qualifications of section 9. If the STC denies the approval, the applicant may utilize section 20 to appeal the matter pursuant to the Administrative Procedures Act. In September 2001, PTD staff initiated a shortened approval process for transfers when the transfer is approved by the local unit. For more information, you may call Dianne Wright at (517) 373-2408.

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25. Can an Industrial Facilities Exemption Certificate be revoked?

Section 15 of Public Act 198 of 1974 provides for revocation of Industrial Facility Exemption Certificates. Section 15(1) addresses requests for revocations initiated by the holder of the certificate. Section 15(2) addresses requests for revocation initiated by the local governmental unit. Section 15(2) lists specific reasons why an Industrial Facilities Exemption Certificate may be revoked by the local governmental unit. In either case, only the STC has the authority to revoke a certificate. A party aggrieved by a revocation by the STC may appeal the revocation under the provisions of the Administrative Procedures Act (APA). The APA provides that a request for a rehearing of an STC decision should be filed (in writing) within 60 days from the date that the STC mailed the notice of revocation. In a related matter, section 13(2) of PA 198 of 1974 provides for automatic termination of an Industrial Facilities Exemption Certificate when the industrial facility tax on real property has not been paid. Please see section 13 of PA 198 of 1974 for the procedure to be followed.

26. If a company announces that it will cease operations in the coming year, will the STC approve the revocation of that company's IFEC for the tax day prior to the actual cessation of operations?

In a recent case matching these circumstances, the STC ruled that an IFEC could not be revoked as of 12-31-97, even though it was announced in 1997 that operations would cease as of February of 1998.

27. Can an application for an IFT exemption include equipment/devices which are also going to be submitted for an Air or Water Pollution Control Exemption?

It is recommended that all new equipment and machinery be included in the IFT application so that the equipment and machinery meet the timeline requirements of P.A. 198 of 1974. The same equipment can then also be submitted for an Air or Water Pollution Control Exemption. The final amount approved for Air or Water Pollution Control Exemption will be determined by the Department of Environmental Quality. If not all of the property qualifies to be exempt as Air or Water Pollution Control equipment, the remainder may then qualify for the IFT exemption.

This document was approved by the State Tax Commission on April 17, 2001.

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