



CITY COUNCIL AGENDA ITEM

Date: August 8, 2011

To: John Szerlag, City Manager

From: Nino Licari, City Assessor

Subject: Reconsideration and Substitution of Resolutions Approving Industrial Facilities Tax Exemption Certificate (IFEC) and Industrial Facilities Tax Exemption Certificate (IFEC) for Plant Rehabilitation for Meritor Heavy Vehicles, LLC

Background

Meritor Heavy Vehicle Systems, LLC, received approval for both an IFEC and an IFEC for Plant Rehabilitation from City Council on January 24, 2011.

There were a few different issues with the data submitted with the applications, and, as of this date, the State Tax Commission (STC) has not approved the exemptions.

One of the issues that the City can help with is new language required by the STC in the approval resolutions. Part of the tax exemption law requires Department of Treasury approval for an abatement that causes the total abated roll to exceed 5% of the unabated roll.

While Troy's total abated roll is less than 2 tenths of 1% of our normal roll, the STC now requires a statement in the resolution specifying that we do not exceed the 5% number.

This is a "WHEREAS" clause (the 4th WHEREAS in the substituted resolutions), and has no material effect on the adopted resolutions.

Recommendation

In order to complete the process of granting the exemptions, City Council should Reconsider, and Substitute the 2 resolutions presented.

NL/nl: H:\IFT\ArvinMeritor\Substitution.08.08.11

Proposed Reconsideration of Resolutions #2011-01-007 Request for Consideration to Grant an Industrial Facilities Exemption Certificate (IFEC to Meritor Heavy Vehicles, LLC – 2135 W. Maple, Troy, MI 48084 and #2011-01-008 Request for Consideration to Grant an Industrial Facilities Exemption Certificate (IFEC for Plant Rehabilitation, to Meritor Heavy Vehicles, LLC 2135 W. Maple, Troy, MI 48084

a) Reconsideration Resolution #2011-01-007 Request for Consideration to Grant an Industrial Facilities Exemption Certificate (IFEC to Meritor Heavy Vehicles, LLC – 2135 W. Maple, Troy, MI 48084

Suggested Resolution

Resolution #2011-08-

Moved by

Seconded by

RESOLVED, That Troy City Council hereby **RECONSIDERS** Resolution #2011-01-007 *Request for Consideration to Grant an Industrial Facilities Exemption Certificate (IFEC to Meritor Heavy Vehicles, LLC – 2135 W. Maple, Troy, MI 48084*, Moved by Beltramini and Seconded by Fleming, as it appears below:

WHEREAS, After due notice and proper hearing, the City Council of the City of Troy on January 24, 2011, established an Industrial Development District (IDD) for property known as 2135 W. Maple, Troy, MI 48084, Parcel # 88-20-32-126-035;

WHEREAS, An Application has been submitted by Meritor Heavy Vehicles, LLC, for an Industrial Facilities Exemption Certificate (IFEC) for personal property at 2135 W. Maple, Troy, MI 48084, for twelve (12) years, after completion; and

WHEREAS, After due and proper notice by the City Clerk, the City Council, on January 24, 2011, held a Public Hearing giving opportunity for comment by all taxing units as to the possibility that the granting of an Industrial Facilities Exemption Certificate (IFEC) for Meritor Heavy Vehicles, LLC, at 2135 W. Maple, Troy, MI 48084 may have the effect of substantially impeding the operation of the taxing unit, or impairing the financial soundness of the taxing unit;

*NOW, THEREFORE, BE IT RESOLVED, That Troy City Council has hereby **FOUND** that the granting of an Industrial Facilities Exemption Certificate (IFEC) for Meritor Heavy Vehicles, LLC, at 2135 W. Maple, Troy, MI 48084 shall not substantially impede the operation of the City of Troy or the other taxing units, **NOR HAS IT BEEN FOUND** that the granting of the Industrial Facilities Exemption Certificate (IFEC) will impair the financial soundness of the City of Troy, or the other taxing units which levy taxes on said property; and*

BE IT FURTHER RESOLVED, That Troy City Council hereby **APPROVES** the application for an Industrial Facilities Exemption Certificate (IFEC) for Meritor Heavy Vehicles, LLC, Inc., at 2135 W. Maple, Troy, MI 48084, Parcel # 88-20-32-126-035, for personal property for a term of twelve (12) years, after completion, contingent upon the execution of a Letter of Agreement between the City of Troy and Meritor Heavy Vehicles, LLC, and payment of the application fee established in accordance with Public Act 198 of 1974, as amended; and

BE IT FURTHER RESOLVED, That the Mayor and City Clerk are hereby **AUTHORIZED** to execute the Letter of Agreement between the City of Troy and Meritor Heavy Vehicles, LLC, a copy of which shall be **ATTACHED** to the original Minutes of this meeting; and

BE IT FINALLY RESOLVED, That the City Clerk is hereby **AUTHORIZED** to complete the Application and **TRANSMIT** same to the State Tax Commission, Treasury Building, P.O. Box 30471, Lansing, MI 48909-7971

Yes: Beltrami, Fleming, Kerwin, McGinnis, Slater, Schilling
No: Howrylak

Yes:
No:

b) Reconsideration of Resolution #2011-01-008 Request for Consideration to Grant an Industrial Facilities Exemption Certificate (IFEC for Plant Rehabilitation, to Meritor Heavy Vehicles, LLC 2135 W. Maple, Troy, MI 48084

RESOLVED, That Troy City Council **RECONSIDERS** Resolution #2011-01-008 Request for Consideration to Grant an Industrial Facilities Exemption Certificate (IFEC for Plant Rehabilitation, to Meritor Heavy Vehicles, LLC 2135 W. Maple, Troy, MI 48084, Moved by Slater and Seconded by McGinnis, as it appears below:

WHEREAS, After due notice and proper hearing, the City Council of the City of Troy on January 24, 2011, established a Plant Rehabilitation District (PRD) for property known as 2135 W. Maple, Troy, MI 48084, Parcel # 88-20-32-126-035;

WHEREAS, An Application has been submitted by Meritor Heavy Vehicles, LLC, for an Industrial Facilities Exemption Certificate (IFEC) for Plant Rehabilitation, for real property at 2135 W. Maple, Troy, MI 48084, for twelve (12) years after completion; and

WHEREAS, After due an proper notice by the City Clerk, the City Council, on January 24, 2011, held a Public Hearing giving opportunity for comment by all taxing units as to the possibility that the granting of a Industrial Facilities Exemption Certificate (IFEC) for Plant Rehabilitation, for Meritor Heavy Vehicles, LLC, at 2135 W. Maple, Troy, MI 48084 may

have the effect of substantially impeding the operation of the taxing unit, or impairing the financial soundness of the taxing unit;

NOW, THEREFORE, BE IT RESOLVED, That Troy City Council has hereby **FOUND** that the granting of a Industrial Facilities Exemption Certificate (IFEC) for Plant Rehabilitation, for Meritor Heavy Vehicles, LLC, at 2135 W. Maple, Troy, MI 48084 shall not substantially impede the operation of the City of Troy or the other taxing units, **NOR HAS IT BEEN FOUND** that the granting of the Industrial Facilities Exemption Certificate (IFEC) for Plant Rehabilitation, will impair the financial soundness of the City of Troy, or the other taxing units which levy taxes on said property; and

BE IT FURTHER RESOLVED, That Troy City Council hereby **APPROVES** the application for a Industrial Facilities Exemption Certificate (IFEC) for Plant Rehabilitation, for Meritor Heavy Vehicles, LLC, Inc., at 2135 W. Maple, Troy, MI 48084, Parcel # 88-20-32-126-035, for real property for a term of twelve (12) years after completion, contingent upon the execution of a Letter of Agreement between the City of Troy and Meritor Heavy Vehicles, LLC, and in accordance with Public Act 198 of 1974, as amended; and

BE IT FURTHER RESOLVED, That the Mayor and City Clerk are hereby **AUTHORIZED** to execute the Letter of Agreement between the City of Troy and Meritor Heavy Vehicles, LLC, a copy of which shall be **ATTACHED** to the original Minutes of this meeting; and

BE IT FINALLY RESOLVED, That the City Clerk is hereby **AUTHORIZED** to complete the Application and **TRANSMIT** same to the State Tax Commission, Treasury Building, P.O. Box 30471, Lansing, MI 48909-7971.

Yes: Fleming, Kerwin, McGinnis, Slater, Schilling, Beltramini
No: Howrylak

Yes:
No:

c) Proposed Resolution to Amend Reconsidered Resolution #2011-01-007 Request for Consideration to Grant an Industrial Facilities Exemption Certificate (IFEC to Meritor Heavy Vehicles, LLC – 2135 W. Maple, Troy, MI 48084, as Directed by the State Tax Commission

Suggested Resolution
Resolution #2011-08-
Moved by
Seconded by

RESOLVED, That Troy City Council hereby **AMENDS** Resolution #2011-01-007, *Establishment of an Industrial Facilities Exemption Certificate (IFEC)* by **STRIKING** it in its entirety and **SUBSTITUTING** it with the following:

WHEREAS, After due notice and proper hearing, the City Council of the City of Troy on January 24, 2011, established an Industrial Development District (IDD) for property known as 2135 W Maple, Troy, MI. 48084, Parcel # 88-20-32-126-035; and

WHEREAS, An Application has been submitted by Meritor Heavy Vehicles, LLC, for an Industrial Facilities Exemption Certificate (IFEC) for personal property at 2135 W Maple, Troy, MI. 48084, for six (6) years, after completion; and

WHEREAS, After due and proper notice by the City Clerk, the City Council, on January 24, 2011, held a Public Hearing giving opportunity for comment by all taxing units as to the possibility that the granting of an Industrial Facilities Exemption Certificate (IFEC) for Meritor Heavy Vehicles, LLC, at 2135 W Maple, Troy, MI. 48084 may have the effect of substantially impeding the operation of the taxing unit, or impairing the financial soundness of the taxing unit; and

WHEREAS, the aggregate SEV of real and personal property exempt from ad valorem taxes within the City of Troy, after granting this certificate will not exceed 5% of an amount equal to the sum of the SEV of the City of Troy, plus the SEV of real and personal property thus exempted;

*NOW, THEREFORE, BE IT RESOLVED, That Troy City Council has **FOUND THAT THE GRANTING** of an Industrial Facilities Exemption Certificate (IFEC) for Meritor Heavy Vehicles, LLC, at 2135 W Maple, Troy, MI. 48084 shall not substantially impede the operation of the City of Troy or the other taxing units, **NOR HAS IT BEEN FOUND THAT THE GRANTING** of the Industrial Facilities Exemption Certificate (IFEC) will impair the financial soundness of the City of Troy, or the other taxing units which levy taxes on said property; and*

*BE IT FURTHER RESOLVED, That Troy City Council hereby **APPROVES** the application for an Industrial Facilities Exemption Certificate (IFEC) for Meritor Heavy Vehicles, LLC, Inc., at 1235 W. Maple, Troy, MI. 48084, Parcel # 88-20-32-126-035, for personal property for a term of twelve (12) years, after completion, **CONTINGENT** upon the execution of a Letter of Agreement between the City of Troy and Meritor Heavy Vehicles, LLC, and*

payment of the application fee established in accordance with Public Act 198 of 1974, as amended; and

*BE IT FURTHER RESOLVED, That the Mayor and City Clerk are **AUTHORIZED TO EXECUTE** the Letter of Agreement between the City of Troy and Meritor Heavy Vehicles, LLC, a copy of which shall be **ATTACHED** to the original minutes of this meeting; and*

*BE IT FINALLY RESOLVED, That the City Clerk is hereby **AUTHORIZED TO COMPLETE** the Application and **TRANSMIT** same to the State Tax Commission, Treasury Building, P.O. Box 30471, Lansing, MI. 48909-7971*

Yes:

No:

- d) Proposed Resolution to Amend Reconsidered Resolution #2011-01-008 Request for Consideration to Grant an Industrial Facilities Exemption Certificate (IFEC for Plant Rehabilitation, to Meritor Heavy Vehicles, LLC 2135 W. Maple, Troy, MI 48084 as Directed by the State Tax Commission;**

Suggested Resolution

Resolution #2011-08-

Moved by

Seconded by

RESOLVED, That Troy City Council hereby **AMENDS** Resolution #2011-01-008, *Establishment of an Industrial Facilities Exemption Certificate (IFEC) for Plant Rehabilitation* by **STRIKING** it in its entirety and **SUBSTITUTING** it with the following:

WHEREAS, After due notice and proper hearing, the City Council of the City of Troy on January 24, 2011, established a Plant Rehabilitation District (PRD) for property known as 2135 W. Maple, Troy, MI. 48084, Parcel # 88-20-32-126-035; and

WHEREAS, An Application has been submitted by Meritor Heavy Vehicles, LLC, for an Industrial Facilities Exemption Certificate (IFEC) for Plant Rehabilitation, for real property at 2135 W. Maple, Troy, MI. 48084, for twelve (12) years after completion; and

WHEREAS, After due an proper notice by the City Clerk, the City Council, on January 24, 2011, held a Public Hearing giving opportunity for comment by all taxing units as to the possibility that the granting of a Industrial Facilities Exemption Certificate (IFEC) for Plant Rehabilitation, for Meritor Heavy Vehicles, LLC, at 2135 W. Maple, Troy, MI 48084 may have the effect of substantially

impeding the operation of the taxing unit, or impairing the financial soundness of the taxing unit; and

WHEREAS, the aggregate SEV of real and personal property exempt from ad valorem taxes within the City of Troy, after granting this certificate will not exceed 5% of an amount equal to the sum of the SEV of the City of Troy, plus the SEV of real and personal property thus exempted;

*NOW, THEREFORE, BE IT RESOLVED, That Troy City Council has **FOUND THAT THE GRANTING** of a Industrial Facilities Exemption Certificate (IFEC) for Plant Rehabilitation, for Meritor Heavy Vehicles, LLC, at 2135 W. Maple, Troy, MI 48084 shall not substantially impede the operation of the City of Troy or the other taxing units, **NOR HAS IT BEEN FOUND THAT THE GRANTING** of the Industrial Facilities Exemption Certificate (IFEC) for Plant Rehabilitation, will impair the financial soundness of the City of Troy, or the other taxing units which levy taxes on said property; and*

*BE IT FURTHER RESOLVED, That Troy City Council hereby **APPROVES** the application for an Industrial Facilities Exemption Certificate (IFEC) for Plant Rehabilitation for Meritor Heavy Vehicles, LLC, Inc., at 1235 W. Maple, Troy, MI. 48084, Parcel # 88-20-32-126-035, for real property for a term of twelve (12) years, after completion, **CONTINGENT** upon the execution of a Letter of Agreement between the City of Troy and Meritor Heavy Vehicles, LLC, and in accordance with Public Act 198 of 1974, as amended; and*

*BE IT FURTHER RESOLVED, That the Mayor and City Clerk are **AUTHORIZED TO EXECUTE** the Letter of Agreement between the City of Troy and Meritor Heavy Vehicles, LLC, a copy of which shall be **ATTACHED** to the original minutes of this meeting; and*

*BE IT FINALLY RESOLVED, That the City Clerk is hereby **AUTHORIZED TO COMPLETE** the Application and **TRANSMIT** same to the State Tax Commission, Treasury Building, P.O. Box 30471, Lansing, MI. 48909-7971.*

Yes:

No: