



Legislation Text

File #: 07-0144, **Version:** 1

Resolution to Approve Industrial Facilities Exemption Certificate Application of Edwards Brothers, Inc. Attached for your review and approval is a resolution approving an Industrial Facilities Exemption Certificate (tax abatement) Application for Edwards Brothers, Inc. under the terms of an Exemption Certificate Agreement between the City and Edwards Brothers.

Edwards Brothers, Inc. is an Ann Arbor based company that is in the business of book printing and binding.

The company is requesting an abatement of \$3,620,518.00 of real property improvements and equipment. The tax abatement requested is for a twelve-year period, terminating December 30, 2019. It would cover real property improvements to Edward Brother's property in 2007 and 2008 and new personal property equipment purchases in 2007 and 2008.

City Administration recommends approval of this abatement request for the following reasons:

- Edwards Brothers is committed to Ann Arbor but is facing pressures from national competitors' growth, making it more difficult to compete.
- The printing business is increasingly moving to color printing and Edwards Brothers needs to acquire a new press, with anticipation of 10 new employees resulting from the new press acquisition.
- The attraction and retention of these operations is consistent with the City and SPARK's economic growth objectives.

Under the terms of the Exemption Agreement, Edward Brothers agrees to maintain operations within the City during the twelve-year period. It further agrees to add not less than 10 jobs at its facility and comply with all of the requirements of the City's Living Wage Ordinance. Edward Brothers will provide documentation to the City Assessor of actual costs of Real Property Improvements and New Personal Property acquired. If costs are less than the estimated cost on the Application for the Exemption Certificate by more than twenty percent or if taxable values of the property assessed for tax year 2007, the City may consider revocation of the Certificate.

Approval of the Industrial Facilities Exemption Certificate application is recommended.

Prepared by: Sandi Bird, Senior Finance Specialist

Reviewed by: Tom Crawford, Chief Financial Officer

Whereas, Pursuant to P.A. 198 of 1974, as amended, after a duly noticed public hearing held September 4, 2007, the City of Ann Arbor City Council established Ann Arbor Industrial Development District No. 2007-010, as requested by Edwards Brothers, Inc.;

Whereas, Pursuant to Section 5 of Act 198, Edwards Brothers, Inc. has filed an application for Industrial Facilities Exemption Certificate with respect to new personal property to be acquired and installed within Ann Arbor Industrial Development District No. 2007-010;

Whereas, Before acting on said application, the City Council held a public hearing on September 4, 2007 at the City of

Ann Arbor City Hall, at 7:00 p.m., for which hearing the applicant, the City Assessor, a representative of each of the affected taxing units and the public were each given proper notice and were afforded an opportunity to be heard on said application;

Whereas, Construction of improvements of the facility and installation of new machinery and equipment had not begun earlier than six (6) months before August 20, 2007, the date of the acceptance by the City Clerk of the Application for the Industrial Facilities Exemption Certificate filed by Edwards Brothers, Inc.;

Whereas, At this time of granting the requested Industrial Facilities Exemption Certificate to Edwards Brothers, Inc., the City Assessor has determined that state equalized value (SEV) of the property proposed to be exempt pursuant to the Application, considered together with the aggregate SEV of property exempt under certificates previously granted and currently in force, will not exceed 5% of an amount equal to the sum of the SEV of the City of Ann Arbor;

Whereas, At this time of granting the requested Industrial Facilities Exemption Certificate to Edwards Brothers, Inc., the Chief Financial Officer of the City of Ann Arbor has determined that the granting of the requested Industrial Facilities Exemption Certificate to Edwards Brothers, Inc. will not have the effect of substantially impeding the operation of the City of Ann Arbor;

Whereas, At this time of granting the requested Industrial Facilities Exemption Certificate to Edwards Brothers, Inc., no objection have been filed or raised during the public hearing by any of the affected taxing units which levy ad valorem property taxes in the City of Ann Arbor that the granting of such a certificate would impair the financial soundness of their respective taxing unit;

Whereas, The Applicant has agreed to pay the City a nonrefundable application fee equal to the lesser of the City's actual costs to process the application, two percent (2%) of the total property taxes abated for the term that the industrial facilities exemption certificate is in effect or \$1000.00; and

Whereas, The Applicant acknowledges that issuance of the industrial facilities exemption certificate is determined by the Michigan State Tax Commission on receipt of an approved application by the City Council and has agreed to hold the City of Ann Arbor harmless in the event the Commission denies its Application for an Industrial Facilities Exemption Certificate and the City Council is relying on that commitment in acting on the Application;

RESOLVED, That the City Council finds and determines that the granting of this Industrial Facilities Exemption Certificate considered with the aggregate amount of Industrial Facilities Exemption Certificates previously granted and currently in force under Act 198, shall not have the effect of substantially impeding the operation of the City of Ann Arbor, or impairing the financial soundness of taxing units which levy ad valorem property taxes in the City of Ann Arbor;

RESOLVED, That the City Council finds and determines that the completion of the new personal property to be acquired and installed is calculated to, and will at the time of issuance of the Certificate have the reasonable likelihood to create employment;

RESOLVED, That pursuant to Act 198, the City Council approve the Application of Edwards Brothers, Inc. for one (1) Industrial Facilities Exemption Certificate with respect to new personal property to be acquired and installed within Ann Arbor Industrial Development District No. 2007-010;

RESOLVED, That the Industrial Facilities Exemption Certificate when issued pursuant to Section 7 of Act 198 shall be and remain in force and effect for a period of twelve (12) years subject to the terms and conditions of the Exemption Certificate Agreement between Edwards Brothers and the City of Ann Arbor;

RESOLVED, That City Council approve the Exemption Certificate Agreement incorporated in this Resolution as if fully set forth herein;

RESOLVED, That the Mayor and City Clerk be authorized and directed to execute the Exemption Certificate Agreement subject to approval as to substance by the City Administrator and subject to the approval as to form by the City Attorney;

RESOLVED, That the City Administrator be authorized to determine the amount of the nonrefundable application fee based on actual costs in processing the Application, in the amount not to exceed the City's actual costs to process the

application, two percent (2%) of the total property taxes abated for the term that the industrial facilities exemption certificate is in effect or \$1000.00, whichever is less; and

RESOLVED, That the City Clerk be authorized and directed to forward the Application to the State Tax Commission for a finding pursuant to Act 198, and if determined compliant with the Act, issuance of a Industrial Facilities Exemption Certificate to Edwards Brothers, Inc.