



City of Alpena
NEIGHBORHOOD ENTERPRISE ZONE TAX ABATEMENTS
INSTRUCTIONS FOR FILING AN APPLICATION FOR
NEW CONSTRUCTION

IMPORTANT: Applications must be filed before any building permits are issued for a "New Facility".

BASIC REQUIREMENTS:

1. Your property must be located in a Neighborhood Enterprise Zone (NEZ) as established by the City Council. To verify that your property is located within a Neighborhood Enterprise Zone contact the City's Planning, Development, & Zoning Director at (989) 354-1771.
2. The primary purpose of your property must be residential housing consisting of 1 or 2 units, one of which you will occupy as your principal residence.
3. A "New Facility" also includes a new individual condominium unit, in a structure with one or more condominium units, which you will occupy as your principal residence. Contact the Assessor or City Planner for further details.
4. Applications must be filed before any building permits are issued for new construction.

APPLICATION:

1. Applications can be obtained from the City's Planning, Development, & Zoning Office at City Hall, 208 N. First Avenue, or by visiting the City of Alpena web site at <http://www.alpena.mi.us> and following the links to Departments > Assessor > Assessor Documents & Forms (on the left side of the page) > Neighborhood Enterprise Zone.
2. Complete the application by filling in the portions designated for "Owner/Applicant". Be sure to clearly describe your project on the application. A set of plans and/or the project bid document will work.
3. Attach a detailed breakdown of your project cost.
4. Attach proof of ownership or intended ownership if it's different from the current owner shown on the City Assessors records. Proof is a copy of an executed deed, land contract, or sales agreement.
5. File your completed application with a \$100 filing fee at the City Clerk's Office, 208 N. First Avenue, City Hall, Alpena MI 49707.

6. If the application is complete, the Clerk records the filing date and starts the approval process. The City has 60 days for the City Council to take action and approve or deny your request.
7. After filing your application with the City Clerk, you are ready to get the necessary building permits and start construction.

APPROVAL PROCESS:

1. After recording your application, the City Clerk sends copies to the Assessor and Building Inspector for review.
2. The Assessor attaches the legal description, dimensions of the lot and the parcel identification number and checks for proof of ownership or intended ownership.
3. The building Inspector reviews the project description and the detailed cost breakdown for your project.
4. The Assessor and Building Inspector notify the City Clerk of their findings and/or recommendations.
5. The City Clerk prepares a resolution approving the application and sends it to the City Manager for placement on the City Council agenda.
6. After City Council approval, the Clerk sends you a letter and referral card with instructions to arrange for inspections and submit the final permit report and a Certificate of Occupancy.
7. Upon completion of construction and final inspection, the Building Official issues a Certificate of Occupancy.
8. The applicant shall submit a copy of the Certificate of Occupancy to the City Clerk.

HELPFUL TIP: It is your responsibility to file a copy of your Certificate of Occupancy with the City Clerk. Delays in filing this document impact the start date of your tax benefits.

9. The applicant shall submit an affidavit to the City Clerk affirming the new facility is occupied as your principal residence.
10. The City Clerk forwards the application with a certified copy of the resolution and all supporting documents to the Michigan State Tax Commission in Lansing.
11. The Michigan State Tax Commission reviews your application and determines if your structure complies with the requirements of the law. If your structure and

application meet the requirements, the Tax Commission issues a Neighborhood Enterprise Zone certificate. Copies of the certificate are sent to the applicant, the Assessor and to each affected taxing unit.

Taxes:

1. A specific tax is levied on the new facility in a similar manner as for ad valorem taxes.
2. The land value remains on the ad valorem assessment and tax rolls where it is subject to increases or decreases in valuation.
3. 50% of the new building value is placed on a special tax roll where the value is subject to increases or decreases in valuation.
4. The taxes are computed normally for the land value and you continue to receive summer and winter tax bills from the City Treasurer.
5. The taxes are computed separately for the new building value by multiplying the taxable value of the new building by ½ the average statewide tax rate. The State Board of Assessors determines this rate each year. You receive separate summer and winter tax bills for the land and the new facility.
6. The effective date of the tax abatement is December 31 of the year in which the project is occupied by the owner. (If you occupy in 2004, the abatement starts in 2005.)
7. Unless revoked, the new facility receives reduced taxes for the term of the abatement. (See page 5 and 6 for rules for determining the term of the abatement within the Thunder Bay Overlay District.)

TAX SAVINGS EXAMPLE:

Assumptions:

- Value of New Facility of \$200,000, taxable value of \$100,000.
- Facility is 100% owner occupied.
- Using ½ of the 2012 average statewide tax rate: 16.5500 Mills.

Tax on New Facility without NEZ Cert.	\$100,000 x .0385 (Homestead Millage Rate)	\$3,850
Tax on New Facility with NEZ Cert.	\$100,000 x .01655 (1/2 of Average Statewide Tax Rate)	\$1,655
One Year Tax Savings		\$2,195
12 Year Tax Savings	This number will increase with any increase in the taxable value.	\$26,340

Upon expiration of the certificate, your property is appraised at current market value and returned to the ad valorem assessment and tax rolls.

CERTIFICATE HOLDERS' REQUIREMENT:

1. Each year the certificate is in effect, you or any subsequent owner must file an affidavit before November 1st. This affidavit affirms you are the owner of the property and occupy it as your principal residence.
2. The Assessor is required by this law to file certain information annually with the Michigan State Tax Commission. This includes maintaining a current market value of your property. You may be contacted periodically to arrange for inspections to keep our records up-to-date.

REVOCATION:

The Michigan State Tax Commission may revoke certificates for the following reasons:

1. Upon receipt of a written request from you. You must send this request by certified mail to the Michigan State Tax Commission, PO Box 30471, Lansing, MI 48909-7971.
2. If you fail to complete the filing requirements within 2 years of the date the certificate was issued.
3. If you fail to file the annual affidavit affirming that you occupy the property as your principal residence before November 1st each year.
4. If you fail to pay your annual Neighborhood Enterprise Zone Taxes and ad valorem taxes in the City of Alpena.
5. If the structure's primary purpose is not residential housing.
6. If the City determines your home does not comply with local building, construction or safety codes.

CONTACTS FOR ADDITIONAL INFORMATION:

Application Packets & Assistance:

Planning, Development & Zoning
208 N. First Avenue
Alpena MI 49707
Phone: 989-354-1771
montielb@alpena.mi.us

Building Permits & Inspections

Building Division
Department Head
208 N. First Avenue
Alpena MI 49707
Phone: 989-354-1762
steveh@alpena.mi.us

Tax Assessment:

Berg Assessing & Consulting, Inc.
P.O. Box 25
Rogers City MI 49779
989-354-1741
assessor@alpena.mi.us