

# Application for Air Pollution Control Tax Exemption Certificate

Issued under authority of P.A. 451 of 1994, as amended, Part 59. Filing is mandatory.

## General Information. Complete All Boxes.

New       Amend       Transfer Certificate #1

<b>PART 1 SOURCE IDENTIFICATION.</b> This section pertains to the facility where the air pollution control equipment is located.	
▶ 1. Company Name (Applicant must be owner of facility)	2. AQD Source ID (SRN)
▶ Address (equipment location)	3. Primary SIC Code
▶ City, State, ZIP Code	▶ 4. County
▶ 5. Name of Taxing Authority. <b>Select one only.</b>	
<input type="checkbox"/> City of _____ <input type="checkbox"/> Township of _____ <input type="checkbox"/> Village of _____	
6. Describe the major process or processes of the pollution control equipment at the facility.	
▶ 7. Enter the total value of requested tax exemption. Indicate whether value is "Estimated" or "Final" by checking the appropriate box. (If cost is estimated, you must supply the final cost within 90 days of completion of construction.) May apply with estimated costs only if project is not completed. \$ <input type="checkbox"/> Estimated <input type="checkbox"/> Final	

<b>PART 2: TECHNICAL CONTACT/PREPARER.</b> Technical contact should be able to respond to technical questions concerning this application. Enter Preparer information, if different than Technical Contact.		
8. Technical Contact Name	Position/Title	
E-mail Address	Telephone Number	Fax Number
9. Preparer Name	Position/Title	
Company Name	Telephone Number	Fax Number
Company Mailing Address	E-Mail Address	

<b>PART 3: COMPANY REPRESENTATIVE.</b> Name and address for Tax Exemption response. Complete all boxes.		
▶ 10. Company Official Name	Position/Title	
▶ Street Address	▶ City, State, ZIP Code	
E-mail Address	Telephone Number	Fax Number

I certify that all the information contained in this tax exemption application is true and correct to the best of my knowledge.

Signature of Company Official (No authorized agents)	Date
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<b>FOR OFFICE USE ONLY</b>			
▶ Application Number	Reviewed By	▶ Date Received/Date Reviewed	▶ LUCI Code

## Application for Air Pollution Control Tax Exemption Certificate

**Air Pollution Control Equipment Description. May attach multiple TE-Equipment pages to one TE-Source.**

PART 4: GENERAL INFORMATION		
13. AQD Source ID (SRN)	14. Emission Unit	
15. Describe the air pollution control equipment, the operational procedure, how it will minimize or control air pollution, and any function the equipment serves that is other than for ambient air pollution control. Include non-air pollution control uses.		
16. Permit Number/Permit Exemption Rule (must be provided)	17. Beginning Date of Construction	18. Projected/Completion Date of Construction

PART 5: EQUIPMENT AND COST DETAILS. For the equipment associated with the air pollution control that is claimed to be exempt, provide a description, total cost, and the portion of the total cost being claimed as exempt for each of the items listed. If an item does not exist, indicate "N/A." Provide plans and specifications for the facility, as an additional attachment, per Section 5902 (1). Provide an itemized list of equipment totaling the amount requested in box #7.	
19. Describe the air pollution control equipment (attach additional pages if necessary. Costs must be separated into appropriate categories in 20-24).	Total Cost of 19 \$
	Portion Claiming Tax Exempt (provide itemized list) \$
20. Describe the stack and specify other process/processes equipment associated with this stack.	Total Cost of 20 \$
	Portion Claiming Tax Exempt (provide itemized list) \$
21. Describe the ancillary equipment (foundations, enclosures, electrical equipment, etc.).	Total Cost of 21 \$
	Portion Claiming Tax Exempt (provide itemized list) \$
22. Describe the fans and motors. Distinguish between static pressure needed for the plant's HVAC and process applications, and that needed for air pollution control equipment.	Total Cost of 22 \$
	Portion Claiming Tax Exempt (provide itemized list) \$
23. Describe the ductwork and hoods including the percentage of ductwork necessary for air pollution control purposes. (Do not include the percentage which is for the benefit of personnel).	Total Cost of 23 \$
	Portion Claiming Tax Exempt (provide itemized list) \$
24. Describe miscellaneous costs (engineering costs, administrative fees, feasibility study costs, etc.).	Total Cost of 24 \$
	Portion Claiming Tax Exempt (provide itemized list) \$

▶ 25. Value of recovered product (must provide per Sec. 5902(2)) \$	<b>Total of 19-24</b> \$
26. Is equipment replacing an existing piece of equipment already exempt? <input type="checkbox"/> Yes <input type="checkbox"/> No	
If Yes, enter the Tax Exemption Certificate number _____	

# Application for Air Pollution Control Tax Exemption Certificate

**Process Change Description - Complete only if changing a current process to a new improved process**

<b>PART 6: ORIGINAL PROCESS AND ALTERNATIVE (THEORETICAL) CONVENTIONAL CONTROL</b>	
27. AQD Source ID (SRN)	28. Emission Unit
29. Describe the original process and the operational procedure of this emission unit, with specific attention paid to the portion(s) of the process being changed. (A detailed narrative is critical.)	
30. Describe or list the air pollution control devices employed by the original process.	
31. Describe the type and magnitude of pollutants associated with this emission unit.	32. Permit Number/ Permit Exemption Rule (must provide one)
33. Describe a control device that could have been employed to reduce emissions to the same extent as the process change. Give details concerning whether or not it could (physically) have been done, and whether or not it would be as effective as the process change at controlling pollution. (See Example 1 in instructions). (33 and 33a must be completed)	33a. Estimated cost of theoretical/conventional control  \$

<b>PART 7: NEW PROCESS - The shaded area in items 43 and 44 are for Office Use Only.</b>			
34. Describe the process and the operational procedure of this emission unit, with specific attention being paid to the portion(s) of the process that were/are being changed. Provide plans, specifications and drawings showing position of equipment relative to outer shell of building.			
35. Describe the air pollution control devices employed by the new process. IMPORTANT: A TE-EQUIPMENT form should be submitted for equipment that is solely used for air pollution control.			
36. Describe the type and magnitude of pollutants associated with this new emission unit.			
37. Emission Unit	38. Permit Number/ Permit Exemption Rule (if different from item 28)	39. Beginning Date of Construction	40. Projected/Actual Completion
41. Total Cost of Process Change \$	42. Portion Claiming Tax Exempt \$	43. Exemption Factor 25% or _____%	44. Exemption Value \$
45. Gross Value of Recovered Product \$			

## Instructions for Completing Form 3828, Application for Air Pollution Control Tax Exemption Certificate

### GENERAL INSTRUCTIONS

One TE-SOURCE is **required** for each submittal; and **one or both** TE-EQUIPMENT or TE-PROCESS is also required. Complete the number of forms appropriate for your situation. Multiple TE-Equipment and TE-Process forms may be filed under one TE-Source [**IMPORTANT: Forms must be fully completed. An incomplete application will be returned to the preparer unprocessed.**]

For full consideration in the year in which the material is submitted, a complete application must be received by **June 15**. Mail **THREE COPIES** (no binders) of the completed forms and supplemental information (written narrative, list of equipment with individual costs, one set of plans) to:

Michigan State Tax Commission  
Department of Treasury  
430 W. Allegan Street  
Lansing, MI 48922  
Telephone Number: (517) 373-3272

For guaranteed receipt by the State Tax Commission, it is recommended that applications and attachments are sent by certified mail.

Refer to the following Department of Environmental Quality (DEQ) Web site documents for assistance in completing an air pollution control tax exemption application:

#### DEQ Air Quality Web site

[www.michigan.gov/deq/0,1607,7-135,3310---,00.html](http://www.michigan.gov/deq/0,1607,7-135,3310---,00.html)

#### DEQ Air Pollution Guidance Document

[www.deq.state.mi.us/documents/DEQ-AQD-Tax\\_exemption\\_application\\_guidance\\_document.pdf](http://www.deq.state.mi.us/documents/DEQ-AQD-Tax_exemption_application_guidance_document.pdf)

#### DEQ Permit Guide Book

[www.deq.state.mi.us/documents/deq-ess-permits-permitguidebook.pdf](http://www.deq.state.mi.us/documents/deq-ess-permits-permitguidebook.pdf)

#### DEQ Operational Memorandum #6 – Emissions Units

[www.deq.state.mi.us/documents/deq-aqd-opmemo6.pdf](http://www.deq.state.mi.us/documents/deq-aqd-opmemo6.pdf)

#### DEQ Environmental Permits, Licenses & Certifications

[http://www.michigan.gov/deq/1,1607,7-135-6132\\_6830---,00.html](http://www.michigan.gov/deq/1,1607,7-135-6132_6830---,00.html)

### LINE-BY-LINE INSTRUCTIONS

*Lines not listed are explained on the form. Complete all boxes or indicate N/A.*

#### TE-SOURCE

The TE-SOURCE provides general information about the facility including contact person and preparer identification. Complete a TE-SOURCE for each submittal. If additional space is required to complete an answer, attach additional pages.

#### Part 1: Source Identification

This section pertains to the facility where the air pollution control equipment is located.

**Line 2.** AQD Source ID (SRN). Enter the state registration number for your facility issued by the DEQ.

**Line 3.** Primary SIC Code. Enter the Standard Industrial Classification (SIC) code that best describes the major product or service produced. This code must be a four digit numeric code not ending in zero based upon the Standard Industrial Classification Manual (1987), or a six-digit code based upon the North American Industry Classification System (1997).

#### Part 2: Technical Contact/Preparer Information

Enter the information in #8 of the person who can respond to technical questions about the application. If the Preparer is different than Technical Contact Person, enter the Preparer information in #9.

#### Part 3: Company Official

The Company Official is required to be an employee of the company that is seeking the tax exemption. The application response will be sent to the Company Official. By signing and dating this application, the Company Official authorizes the Michigan Department of Treasury and the DEQ to discuss this project with the technical contact person named in Part 2.

### TE-EQUIPMENT

The TE-EQUIPMENT provides information about air pollution control equipment that may be eligible for tax exemption. If a tax exemption is being sought for equipment from multiple emission units, complete a separate form for each emission unit. A **separate page** should be attached for each additional explanation. Each page must be identified as TE-Equipment or TE-Process along with the corresponding Emission Unit name from box 14. Applications with more than one explanation per page will not be accepted. Items 19 thru 24 may require additional space for explanation.

#### Part 4: General Information

Line 13. AQD Source ID (SRN). Enter the state registration number for your facility issued by the DEQ.

Line 14. Emission Unit. If the equipment is part of a Renewable Operating Permit, Permit to Install, or is reported in the Michigan Air Emission Reporting System (MAERS), it may have an emission unit associated with it. If so, enter the name of the emission unit to which it belongs. If not, the Michigan Department of Environmental Quality, Air Quality Division (DEQ/AQD), "Operational Memorandum No. 6" will assist you in defining one for your facility. **A separate TE-EQUIPMENT should be submitted for each**

**emission unit.** Multiple TE-Process and TE-Equipment forms may be filed under one TE-Source.

Line 16. Permit Number/Exemption Rule. Enter the permit number or permit exemption rule that covers the process equipment. One must be provided.

### Part 5: Equipment and Cost Details

Provide a description of the equipment associated with the air pollution control that is claimed to be exempt. Provide one set of plans and provide an itemized list of equipment and costs.

Consider incremental costs when providing the value to be considered for tax exemption. If a building is constructed solely for the purpose of protecting an air pollution control device, the entire cost of the building may be tax exempt. If, however, the size of the building is increased to allow for additional warehouse space, the entire cost of the building would not be tax exempt. (See Example 1)

Line 25. Value of Recovered Product. Enter the gross commercial or productive value derived from any materials captured or recovered by the air pollution control equipment calculated on a yearly basis. This is required per Sec. 5902(2).

## TE-PROCESS

The TE-PROCESS provides detailed cost information about a process change that has contributed to an improvement in air emission. A tax exemption of up to 25% is awarded for eligible equipment. If a tax exemption is being sought for equipment from multiple emission units, complete a separate form for each emission unit. If additional space is required to complete an answer, attach additional pages. A **separate page** should be attached for each additional explanation. Each page must be identified as TE-Equipment or TE-Process along with the corresponding Emission Unit name from box 14. Applications with more than one explanation per page will not be accepted. Items 29 thru 36 may require additional space for explanation.

### Part 6: Original Process and Alternative (Theoretical) Conventional Control

Line 27. AQD Source ID (SRN). Enter the state registration number for your facility issued by the DEQ.

Line 28. Emission Unit. If the equipment is part of a Renewable Operating Permit, Permit to Install, or is reported in the Michigan Air Emission Reporting System (MAERS), it may have an emission unit associated with it. If so, enter the name of the emission unit to which it belongs. If not, the Michigan Department of Environmental Quality, Air Quality Division, "Operational Memorandum No. 6" will assist you in defining an emission unit for your facility. **A separate TE-PROCESS should be submitted for each emission unit.** Multiple TE-Process and TE-Equipment forms may be filed under one application.

### Part 7: New Process

Line 37. Emission Unit. If the new equipment is part of a Renewable Operating Permit, Permit to Install, or is reported in the Michigan Air Emission Reporting System (MAERS), it may have an emission unit associated with it. If so, enter the name of the emission unit to which it belongs. It is possible that it will have the same name as that listed on line 28.

Line 41. Total Cost of Process Change. Enter the total cost of the process change, not including costs of air pollution control devices listed in TE-EQUIPMENT.

Line 42. Portion Claiming Tax Exempt. A standard 25% of costs associated with process changes is tax exempt. Enter the portion of the total cost for which you are claiming a tax exemption. (See example 2)

Line 45. Value of Recovered Product. Enter the gross commercial or productive value derived from any materials captured or recovered by the air pollution control equipment, calculated on a yearly basis. Include any financial benefit from increased production capabilities as a result of a change in the process. This is required per Sec. 5902(2).

#### Example 1

A building is constructed to protect an air pollution control device and serve as a warehouse. To calculate the tax exempt portion, the applicant must determine the total cost of the building, less the cost of the portion of the building serving as a warehouse.

Total Cost of Building	\$100,000
Less Cost of Warehouse Portion	<u>(80,000)</u>
Tax Exempt Portion	\$20,000.

#### Example 2

**Case 1:** A \$200,000 process change to a coating line results in lower VOC emission. Theoretically, a thermal oxidizer and capture equipment could have had the same net decrease in emission, but would've cost \$100,000. In this case, a 25% tax exemption for the process change would be appropriate, thereby making \$50,000 eligible for tax exemption.

**Case 2:** A \$500,000 process change to a coating line results in lower VOC emission. Theoretically, a thermal oxidizer and capture equipment could have had the same net decrease in emission, but would've cost \$100,000. In this case, the \$100,000 control equipment addition would've had the same net effect, and is less than 25% of \$500,000 (\$125,000). Therefore, in this case, a tax exemption of \$100,000 would be issued, even though the \$500,000 process change was the actual action taken.