

State Tax Commission Bulletin No. 3 of 1998

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IFT Application Fees

TO: Assessors, Equalization Directors

FROM: State Tax Commission

RE: APPLICATION FEES FOR INDUSTRIAL FACILITY EXEMPTION CERTIFICATES

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, as amended, 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 taxing units within the unit of local government which approves the exemption certificate.

It should be noted that 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, as amended, the STC henceforth shall require 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, as amended, 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, as amended, has been made or promised, the STC shall revoke the exemption certificate and may pursue other appropriate sanctions against the parties. This requirement shall apply to all applications received by the STC after December 31, 1997.