



Citizens Research Council of Michigan



SURVEY OF ECONOMIC DEVELOPMENT  
PROGRAMS IN MICHIGAN

2ND EDITION

June 2007

Report 347

CELEBRATING 91 YEARS OF INDEPENDENT, NONPARTISAN  
PUBLIC POLICY RESEARCH IN MICHIGAN

# Board of Directors

Chairman  
Kent J. Vana

Vice Chairman  
Eugene A. Gargaro, Jr.

Treasurer  
Jeffrey D. Bergeron

Jeffrey D. Bergeron  
Ernst & Young LLP  
J. Edward Berry  
General Motors Corporation  
Beth Chappell  
Detroit Economic Club  
Terence M. Donnelly  
Dickinson Wright PLLC  
Randall W. Eberts  
W. E. Upjohn Institute  
David O. Egner  
Hudson-Webber Foundation  
Joshua D. Eichenhorn  
LaSalle Bank  
W. Frank Fountain  
DaimlerChrysler Corporation

Eugene A. Gargaro, Jr.  
Masco Corporation  
Ingrid A. Gregg  
Earhart Foundation  
Frank M. Hennessey  
Hennessey Capital LLC  
Marybeth S. Howe  
National City Bank of Michigan  
Nick A. Khouri  
DTE Energy Company  
Daniel T. Lis  
Kelly Services, Inc.  
Michael H. Michalak  
Comerica Incorporated  
Aleksandra A. Miziolek  
Dykema

Irving Rose  
Edward Rose & Sons  
Jerry E. Rush  
ArvinMeritor, Inc.  
Andy Trestrail  
Kent J. Vana  
Varnum, Riddering, Schmidt  
& Howlett LLP  
Amanda Van Dusen  
Miller, Canfield, Paddock  
and Stone PLC  
Jeffrey K. Willemain  
Deloitte.

# Advisory Director

Louis Betanzos

# Board of Trustees

Chairman  
Patrick J. Ledwidge

Vice Chairman  
Mark A. Murray

Terence E. Adderley  
Kelly Services, Inc.  
Judith I. Bailey  
Jeffrey D. Bergeron  
Ernst & Young LLP  
Rebecca M. Blank  
University of Michigan  
Beth Chappell  
Detroit Economic Club  
Mary Sue Coleman  
University of Michigan  
Keith E. Crain  
Crain Communications Inc  
George H. Cress  
United Bank & Trust -  
Washtenaw  
Tarik Daoud  
AI Long Ford  
Stephen R. D'Arcy  
PricewaterhouseCoopers LLP  
James N. De Boer, Jr.  
Varnum, Riddering, Schmidt  
& Howlett LLP  
David O. Egner  
Hudson-Webber Foundation  
David L. Eisler  
Ferris State University  
John A. Fallon III  
Eastern Michigan University  
Gerald D. Fitzgerald  
Oakwood Healthcare Inc.  
W. Frank Fountain

DaimlerChrysler Corporation  
David G. Frey  
Frey Foundation  
Mark Gaffney  
Michigan State AFL-CIO  
Eugene A. Gargaro, Jr.  
Masco Corporation  
Ralph J. Gerson  
Guardian Industries Corporation  
Eric R. Gilbertson  
Saginaw Valley State University  
Roderick D. Gillum  
General Motors Corporation  
Allan D. Gilmour  
Ford Motor Company, Retired.  
Alfred R. Glancy III  
Unico Investment Company  
Thomas J. Haas  
Grand Valley State University  
Frank M. Hennessey  
Hennessey Capital LLC  
Todd W. Herrick  
Tecumseh Products Company  
Paul C. Hillegonds  
DTE Energy Company  
David L. Hunke  
Detroit Free Press  
Dorothy A. Johnson  
Ahlburg Company  
F. Martin Johnson  
JSJ Corporation  
Elliot Joseph

St. John Health  
Daniel J. Kelly  
Deloitte. Retired.  
David B. Kennedy  
Earhart Foundation  
Patrick J. Ledwidge  
Dickinson Wright PLLC  
Edward C. Levy, Jr.  
Edw. C. Levy Co.  
Sam Logan  
Michigan Chronicle  
Alphonse S. Lucarelli  
William L. Matthews  
Plante & Moran PLLC  
Kenneth J. Matzick  
Beaumont Hospitals  
Paul W. McCracken  
University of Michigan  
Glenn D. Mroz  
Michigan Technological University  
Mark A. Murray  
Meijer Inc.  
Donald R. Parfet  
Apjohn Group LLC  
Philip H. Power  
The Center for Michigan  
Keith Pretty  
Northwood University  
Michael Rao  
Central Michigan University  
Douglas B. Roberts

IPPSR- Michigan State University  
Irving Rose  
Edward Rose & Sons  
Gary D. Russi  
Oakland University  
Nancy M. Schlichting  
Henry Ford Health System  
Lloyd A. Semple  
Dykema  
David C. Sharp  
The Flint Journal  
Lou Anna K. Simon  
Michigan State University  
S. Martin Taylor  
Amanda Van Dusen  
Miller, Canfield, Paddock and  
Stone PLC  
Kent J. Vana  
Varnum, Riddering, Schmidt &  
Howlett LLP  
Brian C. Walker  
Herman Miller, Inc.  
Gail L. Warden  
Henry Ford Health System  
Jeffrey K. Willemain  
Deloitte.  
Leslie E. Wong  
Northern Michigan University  
Betty J. Youngblood  
Lake Superior State University



# SURVEY OF ECONOMIC DEVELOPMENT PROGRAMS IN MICHIGAN

2ND EDITION

June 2007

Report 347

*CITIZENS RESEARCH COUNCIL OF MICHIGAN*

*MAIN OFFICE* 38777 West Six Mile Road, Suite 208 • Livonia, MI 48152-3974 • 734-542-8001 • Fax 734-542-8004

*LANSING OFFICE* 124 West Allegan, Suite 1502 • Lansing, MI 48933 • 517-485-9444 • Fax 517-485-0423

*CRCMICH.ORG*



# SURVEY OF ECONOMIC DEVELOPMENT PROGRAMS IN MICHIGAN

## Foreword

Since 2001, when the Citizens Research Council published *Survey of Economic Development Programs in Michigan* (CRC Report No. 334, May 2001), the scope of economic development policy in Michigan has expanded significantly; however, the number of newly-enabled, innovative economic development programs is sparse. In addition to recently-enacted programs, several major programs that were discussed in the last publication have been expanded considerably. These economic development policy expansions may be categorized in 4 different ways:

First, the legislature passed numerous incremental changes in eligibility to favor specific industries, companies, or municipalities. Examples of this approach are the recent amendments to the Renaissance Zone, Industrial Facilities Tax Abatement, Michigan Economic Growth Authority, and Downtown Development Authority legislations.

Second, the legislature amended aggressively, or repealed and reenacted, many programs to build on past successes. For example, the Neighborhood Enterprise Zone program was amended to include homestead facilities, which dramatically increased the frequency of its execution. The Neighborhoods in Progress and Blueprints for Michigan's Neighborhoods were added to the extant Main Street and Blueprints for Michigan's Downtowns programs to create the Cool Cities Initiative. The Michigan Tobacco Settlement Trust Fund for the Life Sciences Corridor was transformed and expanded into the 21<sup>st</sup> Century Jobs Fund. Finally, the enhanced Land Bank Fast Track Authority program replaced the Tax-Reverted Property and Emergency Disposal program.

Third, the legislature enacted laws similar to other popular economic development programs. Many of these copycats were introduced as more lenient programs than their extant counterparts, while others were meant to target specific economic development. Examples of these programs include the Business Improvement Zone program (which is like a Business Improvement District, but initiated by property owners), the Commercial Rehabilitation program (a more lenient Obsolete Property Rehabilitation program for commercial areas), the Corridor Improvement Authority program (a more lenient Downtown Development Authority), and the Historic Neighborhood Tax Increment Finance Authority program (similar to other tax increment financing programs). Local units have not yet made use of some of these programs.

Fourth, the legislature adopted original legislation. This is the smallest category of economic development policy expansion. While several of the programs listed above are considered new programs (7 in all), since the year 2001, only 1 newly-enacted state-level program is truly original, defined as such because it is not a replication or an expansion of a previously enabled program. This is the Michigan Next Energy Authority program, which is predicated, in part, on SBT credits that are set to expire at the end of this year.

Another issue affecting the future of economic development policy in Michigan is the repeal (and anticipated replacement) of the Single Business Tax (SBT). On August 9, 2006, the Legislature passed Public Act 325 to repeal the Single Business Tax Act on December 31, 2007, and to implore them to enact a new business tax. At the time of this publication, the SBT had not been replaced. While replacement of the SBT is daunting, a more challenging assignment lays ahead: That is, deciding how to manage the economic development programs that are predicated on SBT credits.

Currently, 6 programs are predicated, in whole or in part, on SBT credits: Brownfield Tax Credits, Historic Preservation Tax Credits, Michigan Economic Growth Authority Tax Credits, Michigan Next Energy Authority Tax Credits, Renaissance Zone Tax Credits, and School-to-Registered Apprenticeship Tax Credits. The table below provides the estimated SBT expenditures<sup>1</sup> for each program for Fiscal Year 2007.

<u>Program</u>	<u>SBT Expenditure Estimate</u>
Brownfield Tax Credits	\$29,428,000
Historic Preservation Tax Credits	2,013,000
Michigan Economic Growth Authority Tax Credits	62,094,000
Michigan Next Energy Authority Tax Credits	8,351,000
Renaissance Zone Tax Credits	21,058,000
School-to-Registered Apprenticeship Tax Credits	<u>808,000</u>
<i>Total</i>	<i>\$123,752,000</i>

Source: Executive Budget Appendix on Tax Credits, Deductions, and Exemptions, Fiscal Year 2007.

---

<sup>1</sup> These estimates of SBT expenditures should not be considered as the amount of tax revenue that would be realized absent one of these SBT credit programs. In reality, SBT expenditures are highly confounded (e.g., there is an interaction effect when calculating the gross receipts reduction and the excess compensation reduction), but these estimates were calculated assuming no interaction effects.

# SURVEY OF ECONOMIC DEVELOPMENT PROGRAMS IN MICHIGAN

## CONTENTS

<i>Introduction</i> .....	1
<i>Federal Zone Programs</i> .....	3
Empowerment Zones .....	5
Enterprise Communities .....	7
Foreign Trade Zones .....	9
Historically Underutilized Business Zones .....	11
Renewal Communities .....	14
<i>Grants or Direct Subsidies</i> .....	17
Community Development Block Grants .....	19
Cool Cities Grants and Planning Programs .....	22
Transportation Economic Development Grants .....	26
Disadvantaged Business Enterprise Program .....	27
<i>Loans</i> .....	29
Federal Small Business Administration Loans .....	31
Freight Economic Development Program .....	33
Rail Loan Assistance Program .....	34
Urban Land Assembly Program .....	35
<i>Tax Abatements or Credits</i> .....	37
Brownfield Tax Credits .....	39
Commercial Rehabilitation Tax Abatement .....	42
State Historic Preservation Tax Credit .....	44
Federal Historic Rehabilitation Tax Credit .....	47
Industrial Facilities Tax Abatement .....	50
Michigan Economic Growth Authority Tax Credits .....	53
Michigan NextEnergy Authority Exemptions and Credits .....	56
Neighborhood Enterprise Zones .....	58
New Market Tax Credits .....	60
Obsolete Property Rehabilitation Tax Abatement .....	62
Renaissance Zones .....	64
<i>Financing Programs and Tax Authorities</i> .....	71
Brownfield Authorities .....	73
Corridor Improvement .....	76
Downtown Development Authorities .....	77
Description and Example of Tax Increment Financing .....	80
Historic Neighborhood TIFAs .....	81
Industrial Development Revenue Bonds .....	82
Local Development Finance Authorities .....	83
SmartZones .....	85
Principal Shopping Districts, Business Improvement Districts and Zones .....	86
Taxable Bond Program .....	89
Tax Increment Finance Authorities .....	90
Comparison Table of Various Tax and Finance Authorities in Michigan .....	92

<i>Other Local Government Economic Development Options</i> .....	<b>93</b>
Certification of Abandoned Property for Accelerated Foreclosure .....	95
Certified Business Parks .....	97
Conditional Land Transfers .....	100
Economic Development Corporations .....	102
Waiver of Personal Property Tax .....	103
 <i>Job and Employment Training</i> .....	 <b>105</b>
Economic Development Job Training Program .....	107
Michigan Works! .....	109
School-to-Registered Apprenticeship Tax Credit .....	111
 <i>Miscellaneous Economic Development Authorities</i> .....	 <b>113</b>
Building Authorities .....	115
Land Reclamation and Improvement Authorities .....	116
State and County Land Bank Fast Track Authorities .....	117
Non-Profit Housing Property Development Program .....	118
Adjacent Lot Disposition Program .....	118
 <i>Miscellaneous Grant and Loan Programs</i> .....	 <b>119</b>
21st Century Jobs Fund .....	121
Federal and State Brownfield Grants and Loans .....	123
Brownfield Redevelopment Grants & Site Reclamation Grant Programs .....	123
Brownfield Redevelopment Loans and Revitalization Revolving Loan Programs .....	124
Revenue Sources for MDEQ Brownfield Redevelopment Grants and Loans .....	125
U.S. Environmental Protection Agency Assessment Grants .....	126
U.S. Environmental Protection Agency Loans .....	127
 <i>Miscellaneous Statewide Economic Development Programs</i> .....	 <b>129</b>
Michigan Site Network .....	131
 <i>Appendices</i> .....	 <b>133</b>
A: HUBZones - Census Tract Designation by County .....	135
B: CDBG Entitlement Communities .....	137
C: Michigan Economic Development Corporation Account Managers and Territories .....	138
D: Qualified Local Government Units (OPRA) .....	139
E: Michigan Small Business & Technology Development Centers by Region .....	141
F: Definitions of Blight, Functional Obsolete and Facility .....	143
G: Michigan Economic Growth Authority Definition of High-Tech Activity and Business .....	144
H: MSHDA Definition of Eligible Distressed Areas .....	145
 <i>Index</i> .....	 <b>149</b>

## **MAPS**

1: City of Detroit Empowerment Zone .....	6
2: Clare County Enterprise Community .....	8
3: City of Detroit Renewal Community .....	15
4: City of Flint Renewal Community .....	16



## Acknowledgements

The Citizens Research Council of Michigan wishes to thank the following individuals and organizations for their time, comments, clarifications, and suggestions:

Nancy Armstrong of the Michigan Department of Treasury  
Amy Banninga of the Michigan Economic Development Corporation  
John Baran of the City of Detroit  
Joe Borgstrom of the Michigan State Housing Development Authority  
Carol Brito of the Michigan Economic Development Corporation  
Karla Campbell of the Michigan Economic Development Corporation  
Diane Cranmer of the Michigan Economic Development Corporation  
Shannon Crawford of the Michigan Economic Development Corporation  
John Czarnecki of the Michigan Economic Development Corporation  
Martin Dober of the Michigan Economic Development Corporation  
Susan Erickson of the of the Michigan Department of Environmental Quality  
Deanna Finch of the Michigan Department of Transportation  
Nancy Finegood of the Michigan Historic Preservation Network  
Mary Goff of the Michigan Department of Treasury  
Philip Graham of the U.S. Department of Housing and Urban Development  
Lisa Green of the Michigan Economic Development Corporation  
Kathleen Grover of the Michigan Department of Transportation  
Rosemary Holland of the Michigan Department of Transportation  
Semone James of the Michigan Department of Labor and Economic Growth  
Nancy Jurkiewicz of the Flint Area Renewal Community  
Carol Knobloch Johns of the Michigan Economic Development Corporation  
Ed Kerr of the Clare County Enterprise Community  
Bryan Lijewski of the Michigan Department of History, Arts and Libraries  
Martha MacFarlane-Faes of the Michigan Department of History, Arts and Libraries  
Vince Nystrom of the Michigan Economic Development Corporation  
Mike Pohnl of the Michigan Economic Development Corporation  
Loretta Rivers of the City of Detroit  
Ellen Ross of the Michigan Economic Development Corporation  
Rhonda Sincavage of the National Trust for Historic Preservation  
Ron Smedley of the Michigan Department of Environmental Quality  
Alicia Suber of the Michigan Department of Transportation  
Mary Trucks of the Lake County Enterprise Community  
Doug Voshell of the Michigan Economic Development Corporation  
Conrad Valle of the U.S. Small Business Administration  
Darlene Van Dale of the Michigan Department of Environmental Quality



# SURVEY OF ECONOMIC DEVELOPMENT PROGRAMS IN MICHIGAN

## Introduction

While state and federal agencies offer ample information on economic development programs in Michigan, the absence of a central repository of major federal and state programs prompted the Citizens Research Council to attempt such a compendium in 2001. CRC's *Survey of Economic Development Programs in Michigan*, (CRC Report No. 334, May 2001), categorized and described over 40 federal and state economic development initiatives, and offered the reader an index of programs and program concepts for ease of use. The updated 2007 publication builds upon this effort by updating the descriptions of the 35 federal and state economic development initiatives still in effect, analyzing 8 new initiatives, and expounding program concepts to further aid the reader.

Major program categories include Federal Zone Programs, Grants or Direct Subsidies, Loans, Tax Abatements or Credits, Financing Programs and Tax Authorities, and Job and Employment Training programs. Programs not befitting these are listed as Other Local Unit Economic Development Options and Miscellaneous Authorities, Miscellaneous Grants and Loan Programs, and Miscellaneous Statewide Programs. These program categories include sundry economic development programs, and non-program, statutory adjuncts that facilitate development activities. It is important to note, however, that several programs could be categorized by more than 1 heading. For example, the Freight Economic Development Program is structured as a loan program, but functions as a grant program if employment targets and other incentives are met by the participant. Program classification was predicated, ultimately, on the primary mission of the program.

A previous economic development guide from CRC, *Selected Michigan Economic Development Programs—1997*, (CRC Report No. 323, December 1997), offered the reader a uniform set of specific program characteristics in matrix format that allowed for quick comparative feature analysis. The 2001 *Survey of Economic Development Programs in Michigan*, and this report, retained the uniform set of characteristics format where each program, where possible, is described with the following descriptors:

*Enabling Act, Major Amendments, Statutory Citation*  
*Summary Program Description*  
*Eligibility and Benefits*  
*Terms and Performance Guarantees*  
*Changes since Program Inception*  
*Data and Source*  
*Discussion*

Numerous federal economic development programs are not included here for brevity. These include programs offered by the Federal Economic Development Administration and the Federal Small Business Administration (though the most popular such program from that agency is included here), and various programs offered by the U.S. Department of Agriculture (with the exception of Enterprise Communities) and Energy. Also, many local and county programs could not be included for the same reasons.



## FEDERAL ZONE PROGRAMS

*Empowerment Zones*  
*Enterprise Communities*  
*Foreign Trade Zones*  
*Historically Underutilized Business Zones*  
*Renewal Communities*



# Survey of Economic Development Programs in Michigan

## EMPOWERMENT ZONES

### Enabling Act(s); Statutory Citation

Federal Omnibus Budget Reconciliation Act of 1993 (PL 103-66), 1995 PA 75; M.C.L. 125.2561 et seq.; M.S.A. 3.540 (2561)

### Summary Program Description

A national, competitively awarded zone-based federal grant and employer tax credit program for distressed large cities and rural areas. Applicant cities and areas met objective socioeconomic distress criteria for award consideration. The City of Detroit is the only Empowerment Zone (EZ) in Michigan.

Round I EZs were awarded in late 1994 and became active in 1995. A second round of EZs that included awards for Rural EZs (each Round I Zone is urban) was awarded in 1999. Round II EZ awards were made to 15 urban zones and 6 rural zones, with different benefits and qualification standards than Round I Zones. Round III EZ awards were made to 8 urban zone and 2 rural zones in 2001. The U.S. Department of Housing and Urban Development (HUD) administers Urban EZs and the U.S. Department of Agriculture (USDA) administers Rural EZs. For a more thorough description of Round I, II, and III Empowerment Zones, visit the HUD website at [www.hud.gov/offices/cpd/economicdevelopment/programs/rc/index.cfm](http://www.hud.gov/offices/cpd/economicdevelopment/programs/rc/index.cfm) or the USDA website at [www.ezec.gov](http://www.ezec.gov).

Similar federal zone programs, Renewal Communities and Enterprise Communities are discussed on pages 7 and 14 respectively.

### Eligibility and Benefits

**Eligibility**— To be eligible for an Empowerment Zone, an applicant city or group of cities had to be part of a metropolitan area with a central city of at least 500,000 in population. EZs are designated by census tracts only. The urban zone population can not exceed 10 percent of the population of the most populous city in the Zone application, or 200,000, whichever is less. Rural EZs have a maximum population of 30,000. Tracts comprising the EZ must have at least a 20 percent poverty rate, or alternatively a 25 percent poverty rate in tracts comprising 90 percent of the Zone population, or a 35 percent poverty rate for tracts comprising 50 percent of the tract population of the Zone. All census tracts in the EZ must form one contiguous zone; water boundaries are not considered as breaks in contiguity.

**Grant Funding**— \$100 Million in Title XX funds to each of the six original Empowerment Zones. Title XX funding was contingent, in part, on the measurement and submission of performance benchmarks by administering agencies.

**Employer Benefits**— A \$3,000 per employee (employee must be a Zone resident) wage credit is available for Round I Empowerment Zones. EZs also offer tax-exempt facility bonds for qualified zone businesses, and federal tax code section 179 expensing (an advantageous form of expense depreciation otherwise available to small businesses only).

### Changes since Program Inception

In 2000, the Tax Relief and Community Renewal Act extended EZ designations until the earliest of:

- December 31, 2009, or
- The termination date designated by the state or local government as provided in the nomination.

The City of Detroit EZ will expire at the end of 2009.

# CRC Report

## Data and Source

The City of Detroit has Michigan's only Empowerment Zone, awarded in the first Round of Empowerment Zones. It includes the following 49 census tracts (see illustration on page 2):

5020	5044	5045	5111	5112	5113	5114	5115	5117	5122
5123	5124	5140	5141	5142	5145	5150	5152	5153	5163
5168	5174	5175	5176	5177	5180	5181	5201	5203	5204
5205	5206	5207	5209	5211	5212	5213	5214	5215	5218
5219	5220	5231	5232	5233	5234	5235	5237	5238	

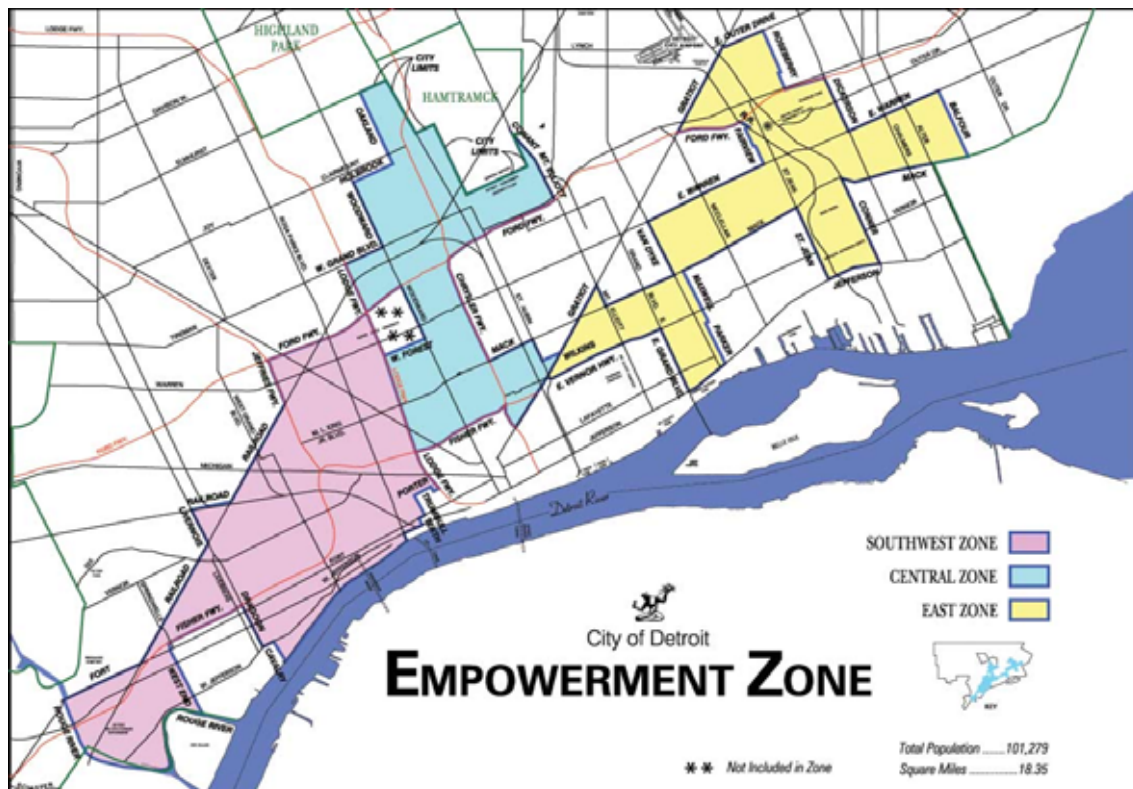
The City of Detroit EZ covers an 18.35 square mile area that comprises over 100,000 residents and approximately 9,000 businesses.

The City of Detroit EZ website can be accessed at [www.detez.org/index.asp](http://www.detez.org/index.asp).

## Discussion

Administratively, the Empowerment Zone was organized from the bottom up, where preexisting programs and community-based organizations collaborated and offered to leverage resources toward the Empowerment Zone. Such grass roots strategic planning is consistent with philosophies of local community development, namely that local community development efforts are best realized when local community residents conceive and implement them, rather than a top-down approach from city government.

Map 1



Source: [www.detez.org/fullmap.htm](http://www.detez.org/fullmap.htm)



# Survey of Economic Development Programs in Michigan

## ENTERPRISE COMMUNITIES

### Enabling Act(s); Statutory Citation

Omnibus Budget Reconciliation Act of 1993 (P.L. 103-66), 1995 PA 123; M.C.L. 125.2601 et seq.

### Summary Program Description

A national, competitively awarded, zone-based federal grant program for distressed small cities and rural areas, Enterprise Communities (ECs) offer many of the same benefits as companion programs—Empowerment Zones (discussed on page 5) and Renewal Communities (discussed on page 14). Clare County and Lake County are the 2 rural ECs in Michigan.

### Eligibility and Benefits

EC designations are either urban or rural. Urban ECs, administered by the U.S. Department of Housing and Urban Development (HUD), may not exceed 10 percent of the population of the most populous city in the EC application, or 200,000, whichever is less. Rural ECs, administered by the U.S. Department of Agriculture (USDA), have a maximum population of 30,000 and may not exceed 1,000 square miles in total land area.

ECs must also meet poverty rate thresholds. EC census tracts must either have a 20 percent or greater poverty rate, a 25 percent poverty rate in tracts comprising 90 percent of the EC population, or a 35 percent poverty rate in tracts comprising 50 percent of the EC population.

Each EC received just under \$3 million from the Social Services Block Grant (SSBG) program, administered by the Department of Health and Human Services, and tax-exempt bond financing. ECs do not offer the federal wage credit incentive or the benefit of federal tax code section 179 expensing offered to Empowerment Zones and Renewal Communities.

### Terms and Performance Guarantees

Enterprise Communities benefits expire ten years after the designated start date.

### Changes since Program Inception

In 1998, 20 additional rural Enterprise Communities were designated by the USDA. Clare County was the sole Round II rural EC designation in the State of Michigan. Round II rural ECs were provided \$250,000 in first year funding with similar subsequent annual appropriations. Round III was administered in 2003; the State of Michigan was not a recipient.

### Data and Source

Michigan's Rural Enterprise Communities include the following two areas:

*Round II EC: Clare County* - Census Tracts 9801, 9802, 9805, 9808, 9809, 9810, 9811

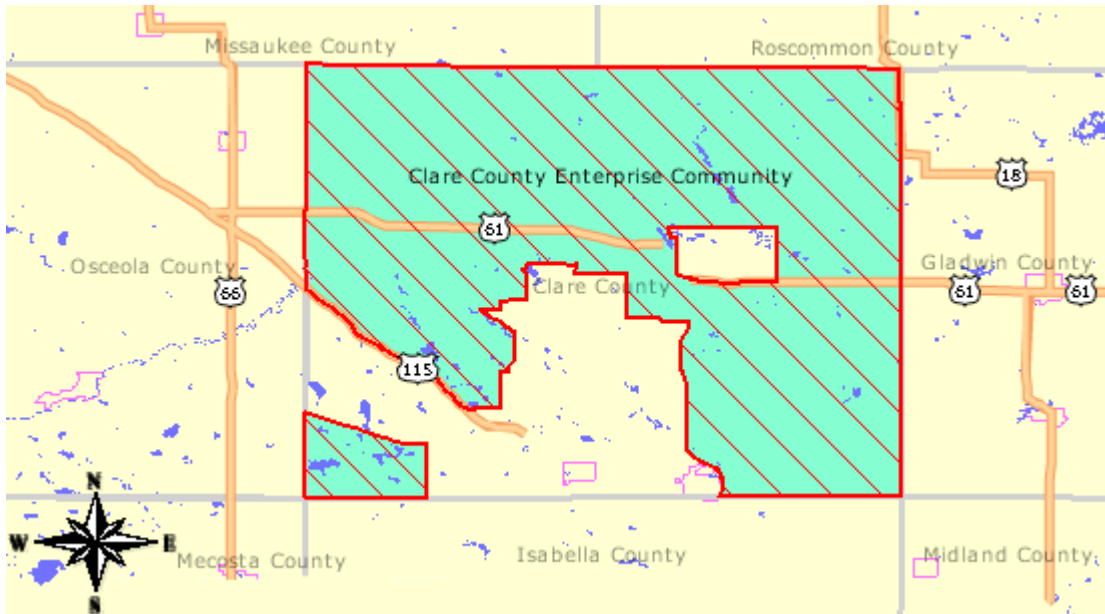
*Round I EC: Lake County* – Census Tracts 9604, 9605, 9606, 9607

The Clare County Enterprise Community expires on December 31, 2008.

## Discussion

Enterprise Communities revive distressed areas by providing economic opportunity and sustainable community development through the utilization of community-based partners and their strategic visions for change. ECs are administratively organized in a bottom up fashion, where preexisting programs and community-based organizations collaborate and leverage resources to achieve a shared vision for community revitalization.

Map 2



### Legend

#### RC/EZ/EC Areas

Renewal Community

Empowerment Zone

Selected RC/EZ/EC area

Enterprise Community

Enhanced Enterprise Community

Enterprise Zone

Enterprise Zone and Enterprise Community

Source : HUD

# Survey of Economic Development Programs in Michigan

## FOREIGN-TRADE ZONES

### Enabling Act(s); Statutory Citation

Foreign Trade Zones Act of 1934, 19 U.S.C 81a-81u; for Foreign Trade Zone Board Regulations see C.F.R. 15 Part 400, and 19 C.F.R. Part 146 (Custom Service Regulation on Foreign Trade Zones); 1963 P.A. 154; M.C.L. 447.1 et seq.

### Summary Program Description

Foreign Trade Zones (FTZs) allow private organizations to establish, with the cooperation of the local unit, designated areas or zones that are considered foreign soil for the purposes of the United States Department of Customs and Immigration. As such, FTZs allow for value-added processing of certain raw or unfinished goods without paying customs import duty on them. If the finished goods are to be imported into U.S. Customs territory for sale, the law allows the operator of the FTZ to choose between paying duty on the import of the unfinished goods to the zone, or paying duty on the finished goods entering customs territory, whichever is less.

### Eligibility and Benefits

All United States Custom and Border Protection (CBP) ports of entry are entitled to a Foreign Trade Zone. Ports of entry exist in all 50 states and in several territories. Ports of entry in Michigan exist in the cities of Battle Creek, Bay City/Saginaw/Flint, Detroit, Grand Rapids, Muskegon, Port Huron and Sault Ste. Marie. Zones must be located within or adjacent to CBP ports of entry, within 60 statute miles of a CBP port, or within 90 minutes travel time to a CBP port.

There are two types of Foreign Trade Zones: General Purpose and Subzones. General Purpose Foreign Trade Zones are established for multiple activities by multiple users, with the most common activity being warehousing and distribution. Manufacturing activities are also permitted with approval of the FTZ Board. Subzones are approved for use by one company for a specific purpose, usually manufacturing, if the company is unable to relocate to a general purpose zone. Applicants (general purpose FTZ grantees, typically public entities, who apply on behalf of interested companies) must demonstrate a significant public benefit for approval.

In effect, FTZs allow manufacturers to avoid inverted tariffs on goods exported to the United States from the FTZ. Inverted tariffs are those that charge a higher rate for a raw good than a finished good. To illustrate a hypothetical example, a motorcycle manufacturer who would otherwise import engines for assembly at a four percent tariff can assemble motorcycles in an FTZ and export the finished product at a lower rate, if indeed the rate structures for that particular finished good are lower. If the finished goods are exported for final sale outside of the United States, United States Customs duties do not apply in most cases.

According to the National Association of Foreign Trade Zones, merchandise entering an FTZ may be assembled, displayed, stored, tested, repaired, sampled, manipulated, salvaged, relabeled, mixed, destroyed, repackaged, cleaned or processed, and benefit from the reduced duty schedules. Any activity that results in a change of the tariff classification, such as manufacturing or processing, must be approved by the FTZ Board. Retail trade is prohibited.

### Data and Source

Michigan has six active Foreign Trade Zones. The following list includes Zone number, year of establishment, associated subzones, and benefiting subzone businesses with approved FTZ applications. It does not include zones or subzones that have expired or been terminated.

**Battle Creek** (FTZ No. 43, est. 1978)

Subzone	43B	- <i>Mead Johnson Nutritionals Group</i> , Zeeland, 1/10/92
	43C	- <i>Abbott Manufacturing, Inc.</i> , Sturgis, 7/23/97
	43D	- <i>Perrigo Company</i> , Battle Creek, 5/22/03
	43E	- <i>Pfizer, Inc.</i> , Kalamazoo, 9/07/06

# CRC Report

## *Detroit* (FTZ No. 70, est. 1981)

- Subzone 70A - *Ford Motor Corp.*, Romeo, approved 7/21/81  
70B - *DaimlerChrysler Corp.*, Detroit, 1/22/82  
70C - *Ford Motor Corp.*, Wayne, 1/24/83  
70D - *Ford Motor Corp.*, Wixom, 9/29/83  
70E - *Ford Motor Corp.*, Dearborn, 9/29/83  
70F - *General Motors Corp.*, Ypsilanti, 7/26/84  
70G - *General Motors Corp.*, Pontiac, 7/26/84  
70H - *DaimlerChrysler Corp.*, Sterling Heights, 4/10/85  
70I - *Mazda Motor Manufacturing Corp.*, Flat Rock, 4/1/86  
70J - *DaimlerChrysler Corp.*, Trenton, 6/29/87  
70K - *General Motors Corp.*, Detroit/Hamtramck, 12/14/88  
70L - *General Motors Corp.*, Orion Twp., 12/14/88  
70M - *General Motors Corp.*, Lansing, 12/14/88  
70N - *Chrysler Corp.*, Detroit, 12/22/89  
70P - *Chrysler Corp.*, Detroit, 12/22/89  
70Q - *Chrysler Corp.*, Detroit, 12/22/89  
70R - *Chrysler Corp.*, Detroit, 12/22/89  
70S - *BASF Corp.*, Wyandotte, 8/02/95  
70T - *Marathon Ashland Petroleum*, Detroit, 3/10/97  
70U - *Wacker Chemical Corporation*, Adrian, 4/22/04

## *Flint* (FTZ No. 140, est. 1987)

- Subzone 140A - *General Motors Corp.*, Flint, 4/3/87

## *Kent/Ottawa/Muskegon Counties* (FTZ No. 189, est. Jan. 1993)

- Subzone 189A - *Diesel Technology Corp.*, Kentwood, 12/11/97  
189B - *ESCO Company Limited Partnership*, Muskegon, 3/23/99

## *Sault Ste. Marie* (FTZ No. 16, est. June 1973)

- 16A - *Northern Imports, LLC*, Harbor Springs and Newberry, 5/31/06

## *St. Clair County* (FTZ No. 210, est. Nov. 1995)

Bay County had the first FTZ approved in Michigan (1966), but relinquished its zone status in 1980.

For a list of contact names and phone numbers for Foreign Trade Zones in Michigan, please visit the United States Department of Customs website at [www.ia.ita.doc.gov/ftzpage](http://www.ia.ita.doc.gov/ftzpage). For additional data on the Greater Detroit Foreign Trade Zone, visit [www.gdftz.com](http://www.gdftz.com).

According to the International Trade Administration of the U.S. Department of Commerce, approximately 250 general purpose zones and over 450 subzones have been approved.

## Discussion

According to the National Association of Foreign Trade Zones, liberalization of trade rules has somewhat mitigated the need for Foreign Trade Zones, in the sense that some tariffs that necessitated FTZ applications have been eliminated by the North American Free Trade Agreement (NAFTA).

## HISTORICALLY UNDERUTILIZED BUSINESS ZONES

### Enabling Act; Statutory Citation

1997 P.L. 105-135 (Small Business Reauthorization Act of 1997), 15 U.S.C. 632.

### Summary Program Description

A federal program that offers small business assistance by allowing qualified businesses in qualified Historically Underutilized Business Zones (HUBZones) preferential treatment in the federal government contracting process. Businesses must apply for certification to receive these preferences by submitting an electronic application on the HUBZone Web site at [www.sba.gov/hubzone](http://www.sba.gov/hubzone).

### Eligibility and Benefits

HUBZone criteria, business qualifying criteria, and contracting preferences are as follows:

#### *HUBZone Criteria*

Historically underutilized business zones are located in one or more of the following:

- census tracts in which 50 percent or more of the households have an income less than 60 percent of the area median income, based upon the most recent census data. The Secretary of Housing may allow exceptions when insufficient tract data is available to assure that low income standards are met.
- non-metropolitan counties with a median household income of less than 80 percent of the state median household income or with an unemployment rate of not less than 140 percent of the statewide average, based on U.S. Department of Labor recent data;
- lands within the boundaries of federally recognized Indian reservations; or
- certain former military bases.

#### *Business Qualifying Criteria*

To become certified to receive HUBZone benefits, businesses must meet the following program eligibility requirements:

1. The business must comply with size standards from the U.S. Small Business Administration. Size standards are subject to change based on the Office of Size Standards' recommendations and the SBA administrator's approval. At the date of publication, SBA size standards included businesses with employment and sales up to:
  - a. 500 employees for most manufacturing and mining industries
  - b. 100 employees for all wholesale trade industries
  - c. \$6.5 million in annual sales for most retail and service industries
  - d. \$31 million in annual sales for most general and heavy construction industries
  - e. \$13 million in annual sales for special trade contractors
  - f. \$0.75 million in annual sales for agricultural industries
2. At least 35 percent of the company's employees live in a HUBZone.

3. The company is at least 51 percent owned and controlled by one or more United States citizens, a Community Development Corporation or an Indian tribe.
4. The principal office must be located within a "Historically Underutilized Business Zone," which includes lands on federally recognized Indian reservations and military facilities closed by the Base Realignment and Closure Act.

Existing businesses that choose to move to qualified areas are eligible if they fulfill the requirement that 35 percent of the firm's employees reside in the HUBZone. Employees must live in a primary residence within the area for at least 180 days or be currently registered to vote in that area.

### *Contracting Preference Limitations*

There are three types of HUBZone contracts: competitive, sole source, and full and open. The anticipated award price of a sole source contract, including options, will not exceed \$5 million for a requirement within the North American Industry Classification System (NAICS) code for manufacturing or \$3 million for a requirement within all other NAICS codes. Full and open contracts require qualified HUBZone businesses to not exceed a 10 percent difference beyond bids offered by non-HUBZone businesses.

Eligible HUBZone firms can qualify for higher Small Business Administration-guaranteed surety bonds on construction and service contracts. Subcontracting opportunities through federal prime contractors are also available to HUBZone businesses.

### **Program or Incentive Limitations**

The Small Business Reauthorization Act of 1997 increased the overall government-wide procurement goal for small business from 20 percent to 23 percent. The statute sets the goal for HUBZone contracts at 3 percent of government-wide prime contracts for 2003 and each year thereafter.

### **Data and Source**

The following counties and sub-county areas currently have HUBZone designation:

#### *Non-Metropolitan Counties with HUBZone Designation:*

Alcona	Alger	Alpena	Antrim
Arenac	Baraga	Benzie	Charlevoix
Cheboygan	Chippewa	Clare	Crawford
Delta	Emmet	Gladwin	Gogebic
Houghton	Iosco	Iron	Kalkaska
Keweenaw	Lake	Luce	Mackinac
Manistee	Marquette	Mason	Menominee
Missaukee	Montcalm	Montmorency	Newaygo
Oceana	Ogemaw	Ontonagon	Osceola
Oscoda	Presque Isle	Roscommon	Sanilac
Schoolcraft	Tuscola	Wexford	

# Survey of Economic Development Programs in Michigan

---

## *Federal Indian Reservations with HUBZone Designation:*

*Bay Mills Reservation* (Chippewa County)  
*Grand Traverse Reservation* (Leelanau and Grand Traverse County)  
*Hannahville Community* (Menominee County)  
*Isabella Reservation* (Isabella County)  
*L'Anse Ontonagon Reservation* (Ontonagon County)  
*L'Anse Reservation* (Baraga County)  
*Lac Vieux Reservation* (Gogebic County)  
*Sault Ste. Marie Reservation* (Chippewa County)  
*Huron Potawatomi Reservation* (Calhoun County)  
*Little River Band of Ottawa Indians of Michigan* (Manistee and Mason Counties)  
*Little Traverse Bay Bands Reservation* (Emmet and Charlevoix Counties)  
*Match-E-Be-Nash-She-Wish Band of Potawatomi Indians Michigan* (Allegan County)  
*Pokagon Band of Potawatomi Indians Michigan TDSA* (Cass County)  
*Sault Ste. Marie Trust Land* (Eastern Upper Peninsula)

## *Former Military Bases with HUBZone Designation:*

*Detroit Arsenal and Tank Plant* (Macomb County)  
*K.I. Sawyer Air Force Base* (Marquette County)  
*Wurtsmith Air Force Base* (Iosco County)

Additionally, a large number of census tracts in Michigan are qualified HUBZones. See *Appendix A* for a complete list.

## **Discussion**

This federal program seeks to provide federal contracting opportunities to businesses in socioeconomically distressed areas and rural areas. Like many other federal and state zone-based economic development programs, HUBZones also mandate a local employment requirement to receive zone benefits.

## RENEWAL COMMUNITIES

### Enabling Act(s); Statutory Citation

Community Renewal Tax Relief Act of 2000, a provision of the Omnibus Consolidation & Emergency Supplemental Appropriations Act for FY 2001 (P.L. 106-554).

### Summary Program Description

A national, competitively awarded, zone-based federal tax incentive program for distressed urban and rural areas, Renewal Communities (RCs) promote partnerships among federal, state and local governments and community agencies and stimulate economic development. Each RC has a Coordinating Responsibility Authority (CoRA) authorized by the governments that nominated the RC for designation. Each CoRA determines the RC's tax incentive utilization plan. The Cities of Detroit and Flint are the 2 urban RCs in Michigan.

On December 31, 2001, the United States Department of Housing and Urban Development (HUD) designated 40 RCs, 28 in urban areas and 12 in rural areas, and nine additional Empowerment Zones (EZs), by authorization of the Community Renewal Tax Relief Act of 2000. The Act expanded previous HUD and United States Department of Agriculture (USDA) Empowerment Zones and Enterprise Communities Initiatives, which offer federal grants as well as limited tax incentives for urban and rural areas. Empowerment Zones are discussed on page 5. Enterprise Communities are discussed on page 7.

### Eligibility and Benefits

RCs are designated by census tracts; all census tracts must be contiguous in the nomination application. Urban RCs must have a population of at least 4,000 but not greater than 200,000 within the designated census tracts. There are no geographic size limitations. Urban RCs must meet economic condition thresholds for poverty and unemployment: Each census tract must have a poverty rate of at least 20 percent. At least 70 percent of households must have incomes below 80 percent of the local jurisdiction's median household income. The unemployment rate must be at least 1.5 times the national employment rate. The area must be characterized by pervasive poverty, unemployment, and general distress.

RC businesses benefit from tax incentives such as wage credits (employment credits, work opportunity credits and welfare to work credits), tax deductions (increased section 179 deduction, commercial revitalization deduction) and capital gains exemptions. State and local governments can issue interest-free bonds to finance public school programs that are supported by private business partnerships in EZs and most RCs. In addition, the federal RC/EZ programs provide investment incentives such as New Market Tax Credits and Low Income Housing Tax Credits. (New Market Tax Credits allow investors in qualified Community Development Entities to receive federal tax credits of 5-6 percent of the amount invested for each year the investment is held. Low Income Housing Tax Credits allow owners of low-income housing to obtain ten-year credits against federal taxes.)

### Terms and Performance Guarantees

RC benefits expire eight years after the designated start date. The City of Detroit and City of Flint Renewal Communities expire December 31, 2009.

### Changes since Program Inception

The Internal Revenue Code of 1986 (US Code Title 26), section 1400E states, the designation of "any area as an empowerment zone or enterprise community shall cease to be in effect as of the date that the designation of any portion of such area as a renewal community takes effect." The City of Flint had Round



# Survey of Economic Development Programs in Michigan

---

I Enterprise Community status until it was designated as a Renewal Community effective January 1, 2002. The City of Detroit maintained Round I Empowerment Zone status alongside RC designation as the tracts did not overlap.

(IRC 1989, section 1400E: [fourmilab.ch/uscode/26usc/www/t26-A-1-X-I-1400E.html](http://fourmilab.ch/uscode/26usc/www/t26-A-1-X-I-1400E.html))

Legislation to extend EZ/EC/RC designations through 2015 is pending in the U.S. House and Senate. See H.R. 5660/ S. 3827, "Empowerment Zone and Renewal Community Enhancement Act of 2006." [thomas.loc.gov/cgi-bin/query/z?c109:S.3827.IS](http://thomas.loc.gov/cgi-bin/query/z?c109:S.3827.IS):

## Data and Source

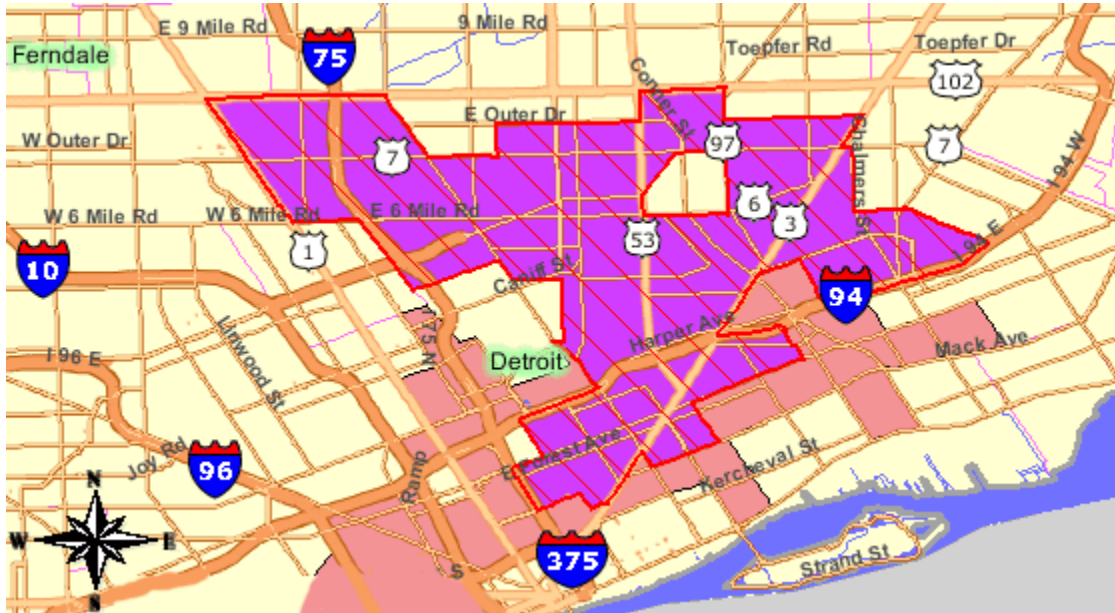
The City of Detroit's RC includes approximately 25 square miles and 59 census tracts comprising 191,065 residents and 2,789 businesses.

The City of Flint's RC includes approximately ten square miles and nine census tracts comprising 48,297 residents and 1,733 businesses.

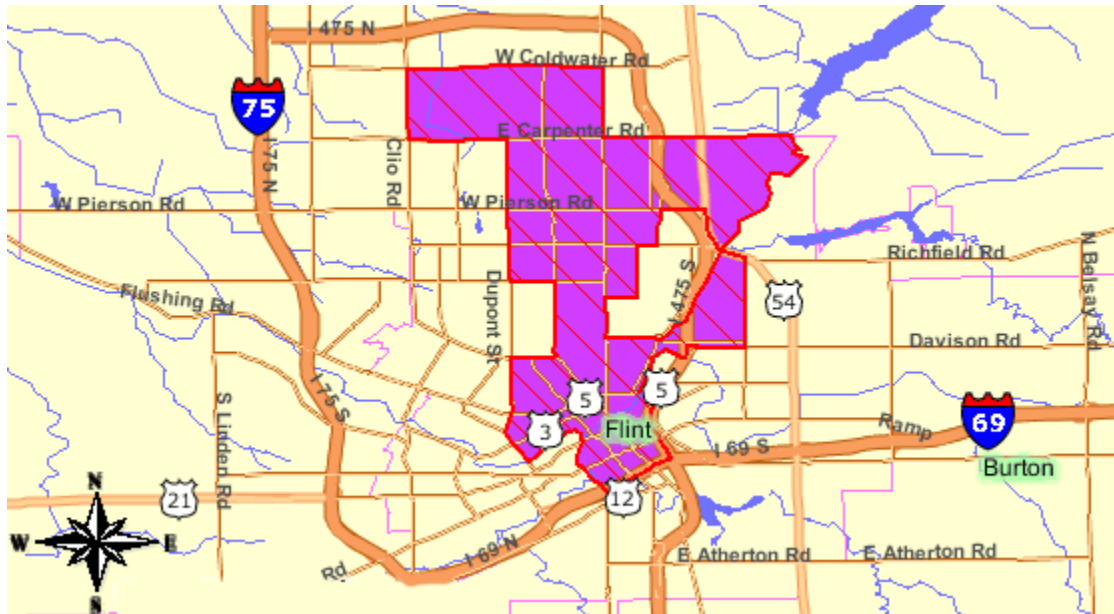
## Discussion

RCs promote public-private partnerships, attract businesses and increase local employment and housing options through special tax incentives. RCs are similar to other federal zone-based programs such as Empowerment Zones and Enterprise Communities, but differ in that RCs stimulate development solely through tax incentives.

Map 3



Map 4



**Legend**

RC/EZ/EC Areas

- Renewal Community
- Enterprise Community
- Enterprise Zone
- Empowerment Zone
- Enhanced Enterprise Community
- Enterprise Zone and Enterprise Community

Selected RC/EZ/EC area

Source: [www.hud.gov/offices/cpd/economicdevelopment/programs/rc/tour/mi/index.cfm](http://www.hud.gov/offices/cpd/economicdevelopment/programs/rc/tour/mi/index.cfm)

## GRANTS OR DIRECT SUBSIDIES

*Community Development Block Grants  
Cool Cities Grants and Planning Programs  
Transportation Economic Development Grants  
Disadvantaged Business Enterprise Program*



# Survey of Economic Development Programs in Michigan

## COMMUNITY DEVELOPMENT BLOCK GRANTS

### *Downtown Improvement, Infrastructure and Planning Initiatives*

#### Summary Program Description

Over \$40 million of federal Community Development Block Grants (CDBG) are annually administered by the Michigan Economic Development Corporation and the Michigan State Housing Development Authority's Community Assistance Team. Michigan's CDBG downtown initiatives financially assist communities that target key downtown areas to enhance the downtowns' appearance, promote the downtowns as "communities of choice" and stimulate private investment. All CDBG downtown programs supply matching grants intended to stimulate private investment and job creation.

#### Eligibility and Benefits

Three types of CDBG downtown initiatives are available: Downtown Improvement Initiatives, Downtown Infrastructure Projects and Downtown Planning Projects. Project eligibility is limited to traditional downtowns within nonentitlement communities. Traditional downtowns are groupings of 20 or more commercial parcels of property that include multi-story buildings of historical or architectural significance in areas zoned, planned, or utilized for commercial development for at least 50 years. Nonentitlement jurisdictions are cities, villages and townships with populations under 50,000 and non-urban counties. Most municipalities in Michigan are nonentitlement and therefore do not receive CDBG funds directly from the federal government. Municipalities that do receive CDBG directly from the federal government are listed in *Appendix B*.

Projects must have committed local matches from specified funding sources and must be located within Downtown Development Authorities or like districts. Projects that have already started or that have obligated funds are not eligible.

See the MSHDA Web site for application materials: [www.michigan.gov/mshda](http://www.michigan.gov/mshda)

#### *Downtown Improvement Initiatives*

##### *Façade Improvement Initiative*

A matching grant program that assists communities, in cooperation with property owners, in making exterior improvements to an entire traditional downtown, block or portion of a block in an area within a Downtown Development Authority (See page 77) or similar district (e.g., Principal Shopping District or Business Improvement Zone (See page 86)).

Communities must meet job creation or area-wide benefit requirements: 51 percent of new jobs must be held by low- to moderate-income persons, or, for communities' on the CDBG low- to moderate-income community list with populations less than 15,000, area-wide benefit must be demonstrated. Priority is given to communities that demonstrate a fast track plan to complete significant, entire façade improvements to buildings that face major streets or public spaces and to create jobs before the end of the year following grant approval. A 50 percent local match in cash is required; in-kind contributions are not eligible. The minimum and maximum CDBG requests are \$25,000 and \$200,000, respectively.

##### *Signature Building Initiative*

A matched grant program that assists communities in acquiring vacant or underused traditional signature building(s) located within a Downtown Development Authority, or like district, for the purpose of rehabilitation and commercial mixed use.

To be eligible, the project must create jobs with 51 percent of new jobs held by low- to moderate-income persons. Communities must demonstrate that they can acquire and rehabilitate the property and create jobs before the end of year following grant approval. A local match equal to 25 percent of

the total project cost is required. Maximum CDBG request is \$400,000; requests may not exceed the average of two appraisals.

## *Downtown Infrastructure Projects*

### *Economic Development Infrastructure*

A program to assist communities with public infrastructure improvements that are necessary for the location, expansion or retention of private businesses that are engaged in economic base activities (e.g., manufacturing, point-of-destination tourism, headquarters, etc.). Eligibility is based on job creation, with 51 percent of jobs to be held by low- to moderate-income persons. Specific priority will be given to projects that can use \$10,000 or less CDBG funds per job created or retained and that can be completed within a two-year period.

### *Downtowns and Gateways*

This program is designed to assist communities with public infrastructure improvements that directly support private redevelopment in traditional downtowns or significant community gateways to downtowns. Specific priority is given to projects that can use \$20,000 or less in CDBG fund per job created or retained.

Priority for both Economic Development Infrastructure and Downtowns and Gateways Infrastructure Programs is given to projects that can leverage the most private investment and job creation. Special priority will be given to projects that create at least 10 permanent full-time jobs and can leverage public and private funding to CDBG funding at a ratio of 2:1 or more, with at least 10 percent of the total project costs being paid for by the local government. Notices of Intent are authorized year round subject to funding.

### *Public Works*

A program to assist communities with public works activities, especially the upgrade or addition of needed capacity to existing infrastructure. Funds may also be used for public facilities. All projects must benefit low- to- moderate income persons. This program is administered by MEDC as funds are available. Priority will be given to projects with the highest percentage of matching funds in terms of local government commitment and private sector contributions. The maximum grant for any individual project is \$1 million.

## *Downtown Planning Projects*

### *Downtown Planning/Marketing*

This program provides a matching grant to assist communities in developing downtown-specific public planning. Eligibility is based on area-wide benefit and job creation. The maximum CDBG funds granted is \$50,000. The local match must be a cash contribution. Communities must demonstrate that the plan can be completed within one year and that it can be implemented upon completion. Notices of Intent are authorized year round subject to funding.

### *Downtown Economic Development Planning*

Planning grants are available to local units of government with fewer than 50,000 population for costs associated with planning for economic development projects, including design and site planning. Grants may not exceed \$50,000, and a local funding match of at least 10 percent of the proposed project costs is required. These planning grants are administered by the Michigan Strategic Fund.

*Discretionary grants* may also be considered for unique circumstances or needs such as brownfield redevelopment, downtown development or general public infrastructure projects.

# Survey of Economic Development Programs in Michigan

---

## Data and Source

Communities with potential downtown or gateway projects should contact the MSHDA Community Assistance Team at:

Michigan State Housing Development Authority  
Attn: Community Assistance Team  
735 East Michigan Avenue  
Lansing, Michigan 48909  
517-241-1737

Communities with potential business projects should contact their MEDC account manager. A list of account manager offices and phone numbers is available in *Appendix C*.

Source: MSHDA and MEDC.

## COOL CITIES GRANTS AND PLANNING PROGRAMS

### Summary Program Description

The Michigan Cool Cities Grants and Planning Programs is a competitive program that provides funding, technical assistance, priority access to state economic development tools, and “Cool Cities” brand marketing to successful applicants for the purposes of building vibrant, diverse downtowns and neighborhoods that will attract talent, create jobs and support innovation.

### Eligibility and Benefits

There were four Michigan Cool Cities Grants and Planning Programs in 2006 and each had a slightly different benefit and eligibility requirement. However, to participate, all municipalities must create a diverse and representative Local Cool Cities Advisory Group.

*Neighborhoods in Progress* is the largest Cool Cities program and the only program offering 50/50 matching cash grants, called Catalyst Grants. Recipients may receive Catalyst Grants of up to \$100,000 to create environments able to attract and retain urban residents. Recipients also receive three years of priority access to the State Resource Toolbox, which is a catalog of state grants, loans, tax incentives and services. The neighborhood must be located in a city that has a two- or four-year higher education institution, a local historic or National Register Historic District, an active arts agency, and that has, or has a plan for, mixed-use, mixed-income housing, and a pedestrian-friendly environment.

*Michigan Main Street* focuses on revitalization by preserving historic structures and building long-term management capacity. The program was first administered by MEDC in Fiscal Year 2002, and became a Cool Cities program in Fiscal Year 2005. Recipients receive five years (increased from three years in Fiscal Year 2006) of customized technical assistance and training in the National Trust for Historic Preservation's community-driven approach to downtown revitalization. This methodology, called the Main Street 4-Point Approach, uses organization, promotion, design and economic restructuring to revitalize and maintain successful downtowns. All cities, villages and townships with a traditional downtown or commercial center that agree to hire a full-time Main Street Manager and that meet program criteria are eligible. The Michigan State Housing Development Authority (MSHDA) provides a total of up to \$166,000 in training and assistance. Detroit and Oakland County communities that already have Main Street programs are excluded.

*Blueprints for Michigan's Downtowns* supports a three- to five- year community planning process. Like the Main Street program, this program was administered by MEDC until Fiscal Year 2005. Recipients are provided with a nationally known downtown revitalization expert and MSHDA staff to conduct a market study and an action-oriented revitalization strategy. All cities, villages and townships with traditional downtowns are eligible to apply. The consultant fee is paid for by a 50/50 match between the municipality and MSHDA.

*Blueprints for Michigan's Neighborhoods* allows communities to work with a consultant to develop a revitalization plan for a neighborhood that is adjacent to a traditional downtown. Fifty-one percent of the target neighborhood's residents must have incomes at or below 80 percent of area median income to qualify. The program is explicitly for communities that meet the definition of “qualified local government units” under the Obsolete Property Rehabilitation Act (see *Appendix D*) and that are not eligible to receive Community Development Block Grants directly from the federal government (most municipalities in Michigan meet this criterion; see *Appendix B* for a list of the communities that do not.) A consultant, paid for by the local unit, works with the community to identify a vision, priorities, revitalization strategy, market plan and course of action for a neighborhood that is adjacent to the traditional downtown. Upon completion of the plan, the local unit is eligible to receive CDBG funding.



# Survey of Economic Development Programs in Michigan

As defined by MSHDA, a *traditional downtown* is a grouping of 20 or more commercial parcels of property that includes multi-story buildings of historical or architectural significance and the area must have been zoned, planned or used for commercial development for 50 or more years. For Cool Cities Grants and Planning Programs, the area primarily must consist of zero-lot-line development (i.e. buildings that are built up to the edge of the lot); pedestrian friendly infrastructure; an appropriate mix of business and services; and must be represented by a specific, downtown business organization like a Downtown Development Authority or Business Improvement District.

## Data and Source

Cool Cities Grants and Planning Programs are administered by the Department of Labor and Economic Growth, but are funded through a variety of sources, such as Federal CDBGs, MSHDA restricted revenue, MEDC corporate funds and General Fund Arts and Culture Grants provided by the Department of History, Arts and Libraries. The table below shows the fund sources and totals by year.

<u>Source</u>	<u>FY 2005</u>	<u>FY 2006</u>	<u>Total</u>
CDBG	\$1,461,715	\$745,500	\$2,207,215
MSHDA	612,500	570,500	1,183,000
MEDC	600,000	—	600,000
GF/GP	220,955	220,000	440,995

Source: Elizabeth Pratt and Maria Tyszkiewicz, "Cool Cities," Senate Fiscal Agency Issue Paper, January 2007. [www.senate.michigan.gov/sfa/Publications/Issues/CoolCities/CoolCities.pdf](http://www.senate.michigan.gov/sfa/Publications/Issues/CoolCities/CoolCities.pdf)

## Neighborhoods in Progress

Since the Neighborhoods in Progress inception in Fiscal Year 2004, the program has awarded a total of \$4.4 million in Catalyst Grants to 28 cities, with the Cities of Detroit, Flint, Grand Rapids, Lansing and Kalamazoo each receiving grants for multiple projects.

### 2006 Designees:

- City of Adrian Downtown Development Authority\*
- Citizens for Progressive Change (Benton Harbor)
- City of Cadillac\*
- City of Dearborn, Chamber of Commerce, West DDA, West Business Association\*
- Arab American & Chaldean Council (Detroit)
- Focus: HOPE (Detroit)
- Grandmont Rosedale Development Corporation (Detroit)
- Genesee County Lank Bank Authority/Kettering University (Flint)
- Lighthouse Communities, Inc. (Grand Rapids)
- City of Howell
- City of Ionia
- Economic Development Corporation of Lansing
- City of Mount Clemens
- Muskegon Main Street
- City of Pontiac, Pontiac Growth Group
- Saginaw Depot Preservation Corporation\*

\* Recipients of priority access to the State Resource Toolbox only.

## *2005 Designees:*

Ann Arbor Cool Cities Task Force  
Battle Creek Unlimited  
Greater Corktown Development Corporation (Detroit)  
New Center Council, Inc (Detroit)  
University Cultural Center Association (Detroit)  
Woodbridge Neighborhood Development Corporation (Detroit)  
City of East Lansing  
Roosevelt Park Neighborhood Organization (Grand Rapids)  
West Grand Neighborhood Organization (Grand Rapids)  
Park Theatre Foundation (Holland)  
City of Kalamazoo  
Allen Neighborhood Center (Lansing)  
City of Traverse City

## *2004 Designees:*

City of Alpena  
City of Bay City  
Eastern Market, Greater Downtown Partnership (Detroit)  
Jefferson East Business Association (Detroit)  
Southwest Detroit Business Association (Detroit)  
Ferndale Downtown Development Authority  
Uptown Reinvestment Corporation (Flint)  
Dwelling Place of Grand Rapids, Inc.  
East Hills Council of Neighbors (Grand Rapids)  
City of Jackson  
City of Kalamazoo  
City of Marquette  
Community Foundation of St. Clair County (Port Huron)  
City of Portland  
City of Saginaw  
City of Saugatuck  
Soo Theatre Project, Inc. (Sault Ste. Marie)  
Warren Downtown Development Authority  
City of Ypsilanti

## *Main Street*

Since inclusion in the Cool Cities program in Fiscal Year 2005, Main Street designated communities have received over \$540,000 in technical assistance and training.

*2006 Designees:* The Cities of Lansing and Iron Mountain

*2005 Designees:* The Cities of Grand Haven, Howell, Ishpeming, and Midland

# Survey of Economic Development Programs in Michigan

---

## *Blueprints for Michigan's Downtowns*

Since inclusion in the Cool Cities program in Fiscal Year 2005, Blueprints for Michigan's Downtowns has provided more than \$200,000 in matching funds. In Fiscal Year 2006, the match ranged from \$15,000 to \$32,000.

*2006 Designees:* The Cities of Charlevoix, Muskegon Heights, Oscoda, Petoskey, and Tecumseh

*2005 Designees:* The Cities of Big Rapids, East Tawas, Grass Lake, Iron River, Romeo, Utica, Vassar, and Whitehall

## *Blueprints for Michigan's Neighborhoods*

In Fiscal Year 2005, the program received over \$1 million in CDBGs and the State paid for 50 percent of the consultants fees. In Fiscal Year 2006, recipients were required to pay the full consultant fee and none applied.

*2005 Designees:* The Cities of Cadillac, Kalamazoo, and Muskegon

Sources: MSHDA; Office of the Governor; [www.coolcities.com](http://www.coolcities.com);

Elizabeth Pratt and Maria Tyszkiewicz, "Cool Cities," Senate Fiscal Agency Issue Paper, January 2007. [www.senate.michigan.gov/sfa/Publications/Issues/CoolCities/CoolCities.pdf](http://www.senate.michigan.gov/sfa/Publications/Issues/CoolCities/CoolCities.pdf)

## Discussion

The Michigan Cool Cities Grants and Planning Programs have greatly expanded in scope. MEDC initially administered the Main Street and Blueprints programs, starting in Fiscal Year 2002. Three years later, the programs were transferred to MSHDA under the umbrella of Cool Cities and the largest program, Neighborhoods in Progress, was added. The Cool Cities programs offer an innovative approach to connect local communities with state incentives. Additionally, the program offers designees the "Cool Cities" marketing brand.

## TRANSPORTATION ECONOMIC DEVELOPMENT FUND GRANTS

### Enabling Act; Statutory Citation

1987 PA 231; MCL 247.909

### Summary Program Description

The Michigan Department of Transportation (MDOT) administers an Office of Economic Development and Enhancement (OEDE) that manages several types of economic development programs under the Transportation Economic Development Fund. Grant programs A, (B discontinued), C, D, E, and F are briefly described as follows:

*Category A* grants are targeted at specific industries, namely, agriculture and food processing; tourism; forestry; high technology research; manufacturing; mining; and office centers of at least 50,000 square feet.

*Category C* grants are aimed at reducing congestion on county primary and city major streets within urban counties.

*Category D* grants fund projects that create an all-season network of roads in rural areas.

*Category E* grants create and improve forest roads.

*Category F* grants are dedicated to road improvements that compliment the all-season network in rural counties.

### Benefits and Eligibility Criteria

OEDE administers a direct grant process for Category A, C and F projects. The direct grant process allows OEDE to authorize a local agency as the administrative body of a contract; the agency receives the grant directly when the construction contract is awarded. Local agencies must confirm that they are adequately staffed, equipped, and organized to administer projects. The agency must also review with OEDE staff the state/local agreement and forms that must be completed and returned to the OEDE during the process. Local agencies have significantly increased responsibility for direct grants.

According to MDOT, the objectives of each grant category are as follows:

#### *Category A Grants*

1. To improve the network of highway services essential to economic competitiveness;
2. To improve accessibility to target industries as a catalyst for economic growth;
3. To support private initiatives that create or retain jobs; and
4. To encourage economic developments that improve the health, safety and welfare of Michigan citizens.

#### *Category C Grants*

1. To improve the operational level of service in heavily congested areas;
2. To reduce the accident rate on heavily congested roadways; and
3. To improve the surface and base condition of heavily congested roadways.

#### *Category D Grants*

1. To complement the existing state trunkline system with improvements on connecting local routes that have high commercial traffic; and
2. To minimize the disruptions that result from seasonal load restrictions.

# Survey of Economic Development Programs in Michigan

## *Category E Grants*

1. To increase access to harvestable forest resources; and
2. To increase the safety and efficiency of forest raw material transport.

## *Category F Grants*

1. To improve all season capabilities on routes having high commercial traffic;
2. To improve access to the state trunkline system; and
3. To coordinate with the secondary all-season system (Category D) or provide all-season routes within a city.

## Changes since Program Inception

MDOT enacted administrative changes in 1999 aimed at streamlining the grant and contract letting process. Specifically, Executive Orders 1999-1 and 1999-2 change the administration of Category A grants to:

1. Allow for a rolling application process instead of an annual deadline based process.
2. Allow applicants to submit a one-page summary Letter of Interest as a screening mechanism for grant consideration. Upon approval of the Letter of Interest, applicants are encouraged to submit a full grant application.
3. Allow local agencies to let and administer construction contracts, as well as have greater responsibility in project planning.

In 2000, the Office of Economic Development and Enhancement implemented a Direct Grant process for administering Category A grants which significantly reduced the cycle time and costs associated with project development from grant approval through audit. In 2001, the direct grant project was extended to Category C and Category F projects.

## Source of Revenue

On an annual basis, TEDF is funded with \$40.275 million from the Michigan Transportation Fund plus a portion (approximately \$12 million) from drivers' license fees. The TEDF also receives Federal transportation funds.

## Data and Source

During Fiscal Year 2006, 15 Category A projects were evaluated and approved for funding. Category A projects represent over \$18 million dollars of public investment and the creation and/or retention of over 7,299 jobs. Category C projects received \$19.7 million in funds for congestion relief. Category D projects received \$20.8 million in funds for rural counties. Category E projects received \$5 million in funds for forest roads. Nine Category F projects were approved, which resulted in grants totaling over \$2.5 million.

The Office of Economic Development and Enhancement also administers the Transportation Enhancement Program, a competitive grant program to fund non-motorized paths, aesthetic improvements, and historic preservation, and the State Infrastructure Bank program to provide low interest loans to public infrastructure improvements. For more information, see the Web site at: [www.michigan.gov/mdot/0,1607,7-151-9621\\_17216--,00.html](http://www.michigan.gov/mdot/0,1607,7-151-9621_17216--,00.html)

Source: MDOT

## DISADVANTAGED BUSINESS ENTERPRISE PROGRAM

A federally-mandated program for preferred transportation contracting, the Disadvantaged Business Enterprise Program is administered by the Michigan Department of Transportation (MDOT) to benefit minority business enterprise concerns. Certified Disadvantaged Business Enterprises (DBE) are eligible for MDOT contract awards, training opportunities, and technical and business support services.

Minority business enterprise is a business enterprise that is owned or controlled solely by one or more socially or economically disadvantaged persons. The disadvantage may arise from cultural, racial, chronic economic circumstances or background, or other similar cause.

MDOT proposed a Disadvantaged Business Enterprise Goal of 11 percent (of contract dollars let) for Fiscal Year 2007. The Department projects the goal to be met through race-neutral (2.5 percent) and race-conscious (8.5 percent) means.

At the 2006 general election, voters approved a constitutional amendment known as the Michigan Civil Rights Initiative or Proposal 2. This amendment prohibits the state from discriminating against, or granting preferential treatment to, any individual or group on the basis of race, sex, color, ethnicity, or national origin in the operation of public employment, public education, or public contracting. However, a subsection of the amendment reads, "This section does not prohibit action that must be taken to establish or maintain eligibility for any federal program, if ineligibility would result in a loss of federal funds to the state." The DBE program is a state-run federal program that is required to receive federal funds pursuant to federal legislation (see The Transportation Equity Act for the 21<sup>st</sup> Century or TEA-21). The DBE program is not affected by state legislation and therefore should not be affected by Proposal 2. Furthermore, state transportation dollars are maintained separately and are not used to comply with the DBE program.

For more information on Proposal 2006-02, please see the CRC report "Statewide Issues on the November General Election Ballot, Proposal 2006-02: Michigan Civil Rights Initiative."

For more information on the Disadvantaged Business Enterprise program, see the Michigan Department of Transportation Web site at [www.mdot.state.mi.us/business/dbeinfo.htm](http://www.mdot.state.mi.us/business/dbeinfo.htm).

## LOANS

*Federal Small Business Administration Loans*  
*Freight Economic Development Program*  
*Rail Loan Assistance Program*  
*Site Assembly and Clearance Fund*  
*Urban Land Assembly Program*





# Survey of Economic Development Programs in Michigan

## FEDERAL SMALL BUSINESS ADMINISTRATION 504 LOAN PROGRAM

### Statutory Citation

15 U.S.C. 697e

### Program Description

A small business loan program administered by the United States Small Business Administration (SBA) in the Department of Commerce through Certified Development Companies (CDCs), non-profits and regionally focused, public/private organizations certified by the Small Business Administration.

### Eligibility and Benefits

For-profit corporations, partnerships or proprietorships with a net worth of less than \$7.5 million and an average net profit after tax of less than \$2.5 million for the past two years are eligible. In addition, the small business applicant must be the user of the fixed assets being financed. Loans typically range between \$250 thousand and \$10 million.

Borrowers must have an existing cash flow from business operations greater than the debt service needed to pay both existing debt and debt resulting from the proposed loan, and sufficient collateral to secure the loan. In certain cases, the SBA 504 program will finance start-up businesses. Loans cannot be made to passive income and real estate companies, financial institutions and nonprofit businesses.

Borrowers must create or retain one new job for each \$50 thousand of debenture (credit guarantee) (or \$10 thousand for manufacturing). Projects that have low job creation, but achieve SBA public policy goals, may be considered.

### Terms and Performance Guarantees

#### *Eligible Purposes*

Proceeds from 504 loans must be used for fixed asset projects such as: purchase of land and buildings or machinery and equipment with a useful life of at least ten years, land improvements, renovation or additions to existing buildings, and leasehold improvements.

#### *Terms*

Loan terms are offered for 10 or 20 years, depending on the type of assets financed, with the requirement that the useful life of the assets must equal or exceed the loan term. The participating private lender's loan must carry a minimum term of 7 years for projects involving machinery and equipment acquisition only, and 10 years for projects involving real estate financing.

#### *Structure*

The typical loan structure consists of a 50/40/10 financing split between the senior private sector lender or bank (50 percent of financing), an SBA Certified Development Company backed by 100 percent SBA guaranty (40 percent of financing), and an equity contribution from the borrower (10 percent). Maximum SBA debenture (credit guarantee) is \$1.5 million for general projects, \$2 million for projects that achieve an SBA public policy goal, or \$4 million for manufacturing firms.

#### *Fees*

A onetime processing fee equal to 2.75 percent of the loan for 20-year loans (2-5/8 percent for 10-year loans), and legal fees of \$2,500 are built into the actual loan amount and are financed over the term of the loan. A onetime participation fee equal to 1/2 percent of the bank's senior loan is due at closing. An

ongoing servicing and SBA fee on the declining loan balance is built into and included in the effective loan interest rates.

### *Other Specifications*

The interest rate is fixed and is generally below market rates. The participating private lender's loan may be fixed or variable with a rate that is legal and reasonable.

SBA 504 loans are typically secured by a lien on fixed assets acquired with loan proceeds to reasonably assure loan repayment. The lien is subordinate to the private lender's position. In addition, the SBA requires personal guarantee(s) of the principal(s) who own 20 percent of the business.

## Data and Source

According to the SBA Michigan District Office's Annual Report for Fiscal Year 2005, 189 loans for \$114,474,000 were approved, representing a 30 percent increase over Fiscal Year 2004. These loans were expected to create more than 2,000 new jobs.

### *Michigan SBA District Office:*

477 Michigan Avenue, Room 515  
Detroit, Michigan 48226  
p: (313) 226-6075 f: (313) 226-4769  
[michigan@sba.gov](mailto:michigan@sba.gov)  
[www.sba.gov/mi](http://www.sba.gov/mi)

### *Michigan Certified Development Companies:*

Economic Development Foundation-Certified, Grand Rapids (888) 330-1776

Growth Finance Corporation, Howard City (231) 924-7461

Lakeshore 504 - South Office, Holland (616) 392-9633

Lakeshore 504 - North Office, Grand Haven (616) 846-3153

Metropolitan Growth and Development Corporation, Detroit (313) 224-0820

Michigan Certified Development Corporation, Lansing (517) 886-6612

Oakland County Business Finance Corporation, Pontiac (248) 858-0879

SEM Resource Capital, Livonia (734) 464-4418

SEM Resource Capital, Holland (616) 396-8591

## Discussion

The SBA 504 program provides loan guarantees from the United States government to local participating lenders. The Small Business Administration offers many other types of small business assistance, which may be found on their Web site at [www.sba.gov](http://www.sba.gov). Michigan Small Business & Technology Development Centers (see *Appendix E*) and satellite offices throughout the state can offer more information on available SBA programs.

The U.S. Economic Development Administration (EDA), also in the Department of Commerce, offers a broad set of federally-sponsored local economic development programs, which are found on their Web site at [www.doc.gov/eda](http://www.doc.gov/eda).

## FREIGHT ECONOMIC DEVELOPMENT PROGRAM

### Enabling Legislation; Statutory Citation

1951 PA 51 (original appropriation); 1976 PA 295; M.C.L. 474.67

### Summary Program Description:

Administered by the Michigan Department of Transportation, the Freight Economic Development Program finances projects that assist in the development of rail spurs and connector systems to improve the delivery and flow of rail commerce to applicant private sector concerns.

### Eligibility and Benefits

Businesses, or local units on behalf of businesses, may apply for a forgivable loan, for up to 50 percent of eligible project costs associated with rail infrastructure improvement that facilitate economic development. Other private sector concerns related to rail shipping and receiving, such as silos or unloading devices, are not eligible.

Though technically a loan program, the Freight Economic Development Program allows loan amortization over a designated period of years so long as the infrastructure is properly maintained and projected carloading commitments are met.

### Terms and Performance Guarantees:

Priority is given to projects that anticipate multiple users or future public use; other considerations are expected job creation or retention, projected carloadings, local economic impact, total investment, relative project costs and the feasibility of transportation alternatives. MDOT accepts applications throughout the calendar year. The State Transportation Commission and the State Administrative Board must also approve all forgivable loans, which generally takes about 60-90 days from receipt of application.

Loan terms include financing, at two percent less than the current prime rate, for up to 50 percent of allowable project costs, generally defined as the rail infrastructure itself.

### Data and Source:

According to the Michigan Department of Transportation, \$1.2 million was provided for project funding in 2006. The amount of funding available is based upon annual appropriations and competing priorities. Funding decisions are based upon exhibited needs and anticipated benefits.

From 1995 to 2006, the Freight Economic Development Program funded 36 projects, which represents over \$14 million in state investment. The program contributed to the creation and/or retention of an estimated 3,100 jobs, and generated close to 90,000 annual carloads.

### Discussion:

A companion rail program, the Rail Loan Assistance Program, is discussed on page 34.

## RAIL LOAN ASSISTANCE PROGRAM

### Enabling Legislation; Statutory Citation

1996 PA 341 (original appropriation); 2002 PA 747; M.C.L. 474.65a

### Summary Program Description

Administered by the Freight Services and Safety Division of the Michigan Department of Transportation (MDOT), the Michigan Rail Loan Assistance Program (MiRLAP) offers interest free loans to help preserve and improve Michigan's freight rail infrastructure.

### Benefits and Eligibility Criteria:

Ten-year, no-interest loans are available to railroads, local governments, economic development corporations and current or potential users of freight railroad services for qualifying projects that help preserve or improve railroad infrastructure in Michigan. Qualified projects include, but are not limited to, track rehabilitation, bridge and culvert repair and construction of the rail portion of a transload facility. Loans may also be used to acquire rail property and to provide a nonfederal match for any federal rail infrastructure program.

MiRLAP is a competitive program; MDOT conducts an annual call for projects. Applications submitted during the call for projects must be for work scheduled for that construction season. Projects are evaluated using selection criteria, which are designed to determine the relative importance of projects in relationship to the program's goal of preserving and improving Michigan's rail freight infrastructure.

### Terms and Performance Guarantees

Successful applicants can receive loans that fund up to 90 percent of eligible project costs. The loan recipient must provide a funding match of 10 percent of eligible project costs; expenditure of the funding match is required before state funds may be drawn down. Loans are non interest-bearing, and the loan repayment period may not exceed 10 years.

Loans are limited to \$1 million per project, per applicant. Applicants must demonstrate ability to repay the loan and provide one or more forms of collateral, e.g., an irrevocable letter of credit or first lien on assets. All loans must be approved by the State Transportation Commission and the State Administrative Board, which generally takes 60-90 days after applications are evaluated. Applications are due in February.

### Data and Source

According to MDOT, approximately \$2.5 million will be available for project funding in 2007. Since its inception 10 years ago, the state has invested over \$15 million in loans to help fund 34 rail infrastructure projects throughout the state. These projects continue to bolster Michigan's economy and improve railroad safety.

### Discussion:

The Freight Service and Safety Division administers a companion rail program, the Freight Economic Development Program, which is discussed on page 33.

# Survey of Economic Development Programs in Michigan

## URBAN LAND ASSEMBLY PROGRAM

### Enabling Act, Statutory Citation

1981 P.A. 171; M.C.L. 125.1851 et seq.

### Program Description

A state-based revolving loan fund, administered by the Michigan Economic Development Corporation (MEDC), available to urbanized local units of government for the purpose of land assembly to facilitate industrial and commercial development.

### Eligibility and Benefits

Eligible local units are those with one of the following:

- an unemployment rate more than 70 percent of the annual average statewide unemployment rate most recently released by the Career Development Agency of the Department of Labor and Economic Growth;
- population growth less than 75 percent of the state's average growth rate based on the most recent U.S. Census Bureau's published figures; or
- a change in state equalized value less than 50 percent of the state's five year average as reported by the State Tax Commission.

Local units that require assistance for land assembly for economic development projects are eligible for low-interest loans that can be used for the direct costs of land acquisition, demolition, relocation and site improvements necessary to make the land marketable.

### Terms and Performance Guarantees

Land acquisition for industrial use must consist of at least 10 contiguous acres located within the legal boundaries of the municipality. Acquisition of less than 10 acres is allowable only if the project is industrial and of a "critical" nature. Acquisition of land for commercial use must be located within a Downtown Development Authority (See page 77) district.

According to the Act, priority shall be given to projects which yield the highest number of jobs per dollar of loan investment; receive private sector, local or federal government contribution of at least half of the project cost; make long-term contributions to the local tax base; contribute significantly to neighborhood revitalization; and identify a potential, immediate use for the property to be purchased.

Upon sale or lease of the real property, the municipality (or a nonprofit development organization designated by the municipality to plan and implement the project) will repay into the revolving fund a portion of the proceeds from the sale or lease of the land and improvements. The amount repaid shall be of the same proportion as the amount the original loan was to the total cost of the project; therefore, if the Urban Land Assembly Loan financed 30 percent of the total project cost, then 30 percent of the proceeds from the sale or lease of that project must be repaid to the Urban Land Assembly Fund. If the local unit is unable to fully repay the loan in this manner, or if the land had to be sold for less than the cost of the project to be competitive, then the remainder of the loan shall be repaid within 10 years of the sale or lease of the real property according to the provisions in the loan document.

The total amount of loan funding which a municipality may receive in any 1 year shall not exceed 1/2 of the assets in the fund.

The program also has an exit visa provision for any project that has the effect of transferring employment from one municipality to another.

## Data and Source

Since 1989, the Urban Land Assembly program has financed 15 projects totaling nearly \$9 million. MEDC estimates that these projects will yield 3,580 new jobs over the next decade; approximately 1,300 jobs have been created to date.

## Discussion

The Urban Land Assembly program was created to address the difficulty of land assembly for the purpose of economic development. Given that urban parcels are typically smaller than non-urban parcels, and often have complicated ownership, it is typically a more time-consuming task to acquire land for projects in urban areas than in non-urban areas, insofar as a greater number of property interests must be dealt with, acre for acre.

## TAX ABATEMENTS OR CREDITS

*Brownfield Tax Credits*  
*Commercial Rehabilitation Tax Abatement*  
*State Historic Preservation Tax Credit*  
*Federal Historic Rehabilitation Tax Credit*  
*Industrial Facilities Tax Abatement*  
*Michigan Economic Growth Authority Tax Credits*  
*Michigan NextEnergy Authority Exemptions and Credits*  
*Neighborhood Enterprise Zones*  
*New Market Tax Credits*  
*Obsolete Property Rehabilitation Tax Abatement*  
*Renaissance Zones*





## BROWNFIELD TAX CREDITS

### Enabling Act(s), Major Amendments; Statutory Citation

1996 PA 382, 2002 PA 726, 2006 PA 32, 2006 PA 112, 2006 PA 240, M.C.L. 125.2651 et seq.

(Tax Credits) 1975 PA 228; M.C.L. 208.38d and 208.38g

### Summary Program Description

An incentive-based tax credit program to foster redevelopment of contaminated (actual or presumed) industrial and commercial sites. Single Business Tax credits are available for up to 10 percent of qualified expenses incurred for assessment and remediation of qualified brownfield properties.

Tax increment financing (TIF) is also available for certain projects to offset the costs associated with cleanup. TIF is described in a text box on page 80.

### Eligibility and Benefits

SBT credits are available for qualified taxpayers' eligible investments in eligible properties sited in an approved Brownfield Redevelopment Authority (see page 73), owned by a land bank fast track authority (see page 117), or sited in an "economic opportunity zone" (see below).

According to the Single Business Tax Act, section 38g, (MCL 208.38g):

"*Qualified taxpayer*" means a taxpayer that meets both of the following criteria:

- (i) The taxpayer owns or leases eligible property.
- (ii) The taxpayer is not liable under section 20126 of part 201 of Act No. 451 of the Public Acts of 1994, being section 324.20126 of the Michigan Compiled Laws, for response activity at an eligible property to which the credit is attributable.

"*Eligible investment*" means demolition, construction, restoration, alteration, renovation, or improvement of buildings or site improvements on eligible property, and the addition of machinery, equipment, and fixtures to eligible property after the date that eligible activity on that eligible property has started pursuant to a brownfield plan under the brownfield redevelopment financing act, if the costs of the eligible investment are not otherwise reimbursed to the taxpayer or paid for on behalf of the taxpayer from any source other than the taxpayer."

*Eligible property* means a "facility" as defined in Part 201 of the Natural Resources and Environmental Protection Act (NREPA), 1994 PA 451, or a "blighted" or "functionally obsolete" property as defined by the Brownfield Redevelopment Financing Act, 1996 PA 381. For definitions of these terms see *Appendix F*.

*Eligible activity* is one or more of the following:

- Baseline environmental assessments (evaluation of existing environmental conditions at the time of purchase, occupancy, or foreclosure so that, in the event of a subsequent release of contaminants, the new release can be adequately distinguished from the old release.)
- Due care activities (prevent exacerbation of existing contamination, mitigate unacceptable exposure to or threats from hazardous substances, and allow for intended use of the property in a manner that protects public health and safety.)

- Additional response activities identified in a brownfield plan pursuant to the Brownfield Redevelopment Financing Act.

*Response activities* include evaluation; health assessments or health effect studies carried out under the supervision, or with the approval of, the department of public health; cleanup, removal or containment of a released hazardous substance; demolition; or other actions necessary to protect the public health, safety, or welfare, or the environment or the natural resources.

*Economic opportunity zones* are one or more parcels of property that:

- (together) are 40 acres or more in size,
- contain a manufacturing facility 500,000 square feet or more in size, and
- are located in a municipality that has a population of 30,000 or less and that is contiguous to a qualified local governmental unit (see *Appendix D* for the definition of qualified local government unit).

Up to 10 percent of a qualified taxpayer's eligible investment for brownfield assessment and remediation qualify for a Single Business Tax credit to a limit of \$30 million. The brownfield tax credit is calculated after application of all other credits allowable under the Single Business Tax Act. The brownfield tax credit is nonrefundable, but unclaimed credits (in excess of SBT liability) can be carried forward for up to 10 years.

## Terms and Performance Guarantees

Application for brownfield tax credits must be made to the Michigan Economic Growth Authority (MEGA), a statutorily-created body in the Michigan Economic Development Corporation (see page 53 for a description of MEGA). MEGA authorizes SBT credits using the following criteria:

### *Credit Amount:*

*For SBT Credits under \$200,000:* The total of all credits for all projects may not exceed \$10 million in a calendar year.

*For SBT Credits under \$1 million:* The total of all credits for all projects may not exceed \$30 million in a calendar year. The credit is equal to 10 percent of the eligible investment.

*For SBT Credits over \$1 million but \$30 million or less:* The total of all credits for an approved project may not exceed 10 percent of eligible investment with the percentage being determined by the Michigan Economic Growth Authority (MEGA).

### *Project Cost:*

*For Project Costs Between \$2 million - \$10 million:*

- Priority is given to projects on a "facility;" the total of all credits for an approved project may not exceed \$1 million; the total of all credits for all projects may not exceed \$30 million in a calendar year.

*For Project Costs Over \$10 million:*

- MEGA must approve these projects in concurrence with the state treasurer. If approved, MEGA determines the maximum total amount of all credits; if the amount is over \$10 million, then MEGA must determine that the project would not occur in the state without the tax credit.

# Survey of Economic Development Programs in Michigan

- No more than 17 projects costing over \$10 million may be approved in each calendar year.
  - a) Of the 17, two projects may receive credits over \$10 million but not more than \$30 million.
  - b) Of the 17, three projects are not required to be located within a qualified local government unit if they are “facilities;” one of these three is not required to be a “facility” if it is “functionally obsolete” or “blighted.”
  - c) Of the two projects permitted in part a.), one project may also qualify in part b.).

The Brownfield Tax Credit Program sunsets December 31, 2007.

## Changes since Program Inception

2002 PA 726 amended the Single Business Tax Act of 1975 to extend the availability of brownfield SBT credits through 2007. The Act allowed the transfer of credits to purchasers of eligible property and added the requirement of an affidavit signed by a level III or IV assessor for a property to be functionally obsolete.

2006 PA 32 amended the Brownfield Redevelopment Financing Act of 1996 to allow “economic opportunity zones” to be eligible for SBT credit (and TIF with the exclusion of school operating tax capture) if the zone is involved in environmental cleanup and eligible activities.

2006 PA 112 amended the Single Business Tax Act of 1975 to simplify the application process for projects receiving credits less than \$200,000 to encourage small business applications. The Act permitted multiphase projects with up to 20 components (the previous limit was 3 components); multiphase projects completed after January 1, 2006 were no longer limited to industrial or manufacturing projects.

2006 PA 240 amended the Single Business Tax Act of 1975 to allow eligible taxpayers to claim brownfield credits that are preapproved before December 31, 2007 and completed before December 31, 2009 on the eligible taxpayers’ returns in the last tax year.

2006 PA 325 repealed the Single Business Tax Act for tax years beginning after December 31, 2007.

## Data and Source

The Michigan Economic Development Corporation reports that from 2000 to 2006 more than \$273 million brownfield SBT credits have been awarded, and have generated more than \$3.8 billion in private investment.

## Discussion

The companion legislation to the brownfield Single Business Tax credits, the Brownfield Redevelopment Financing Act (see page 73) authorizes communities to use tax increment financing to pay for environmental response and redevelopment activities. Once these activities begin pursuant to a brownfield plan under the Brownfield Redevelopment Financing Act, brownfield tax credits provide private sector developers with incentives to assess and contain pollutants, reuse the property, and make site improvements. Both programs have a sunset of December 31, 2007. Even if the Brownfield Redevelopment Financing Act’s sunset is extended, the tax credit program is not guaranteed to be reinstalled when the Single Business Tax is replaced.

## COMMERCIAL REHABILITATION TAX ABATEMENT

### Enabling Legislation; Major Amendments, Statutory Citation

2005 PA 210, 2006 PA 554; M.C.L. 207.841 et seq.

### Summary Program Description

Similar to the Obsolete Property Rehabilitation Act of 2000 (discussed on page 62), the Commercial Rehabilitation Act offers owners of certain rehabilitated commercial facilities in designated districts a property tax abatement for a period of 1 to 10 years, as determined by the local unit of government.

### Eligibility and Benefits

Qualified commercial property rehabilitation projects in commercial rehabilitation districts are eligible for a commercial rehabilitation tax exemption certificate that would freeze the property at its pre-rehabilitated value, effectively allowing the rehabilitation to be property tax free, with the exception of school operating taxes. Land and most personal property are not eligible for a tax reduction.

*Commercial properties* include commercial business enterprises and related property under the same ownership, multifamily housing consisting of 5 or more units, or a building or group of contiguous buildings previously used for industrial purposes that will be converted for a commercial business enterprise. Public utilities, stadiums and casinos are not eligible.

*Qualified commercial property* includes a building or group of contiguous buildings of commercial property that is 15 years or older, or that has been allocated New Market Tax Credits. See page 60 for a description of New Market Tax Credits.

A *commercial rehabilitation district* is an area not less than 3 acres in size, unless the area is located in a downtown or business area as determined by the local unit of government. Cities, villages and townships may establish 1 or more commercial rehabilitation districts by resolution.

### Terms and Performance Guarantees

Owners of qualified commercial property within a district may apply for a commercial rehabilitation tax exemption certificate. An application may not be approved unless:

- Commencement of rehabilitation did not occur more than 6 months prior to filing the application;
- When completed, the project constitutes a qualified commercial property;
- Completion of the project is expected to increase commercial activity, create and retain employment, increase the number of residents in the community and revitalize urban areas;
- The rehabilitation would not occur without the exemption certificate;
- The applicant is not delinquent in any taxes related to the property.

The commercial rehabilitation tax exemption certificate is in effect for 1 to 10 years, and may be extended by the local government unit so long as the original certificate states the conditions upon which an extension is valid, those conditions are met, and the certificate expires within 10 years of project completion. The certificate may be revoked if rehabilitation does not occur within the time authorized.

# Survey of Economic Development Programs in Michigan

---

The cost of rehabilitation must be equal to 10 percent or more of the true cash value of the property at commencement. Rehabilitation includes changes to the property that are required to modify or restore the property to an economically efficient condition.

The program sunsets on December 31, 2015; an exemption then in effect will continue until expiration.

## Changes since Program Inception

The Act was originally limited to the Summit Place Mall in Waterford. 2006 PA 554 extended the eligibility to other local government units by including multifamily housing in the definition of commercial property, decreasing the acreage requirements for commercial rehabilitation districts and removing the vacancy provisions for qualified commercial properties.

## Discussion

The Commercial Rehabilitation Tax Abatement offers owners of commercial property benefits akin to the Obsolete Property Rehabilitation Tax Abatement, but extends these benefits to all cities, villages and townships and does not require the property to be blighted or functionally obsolete.

## HISTORIC PRESERVATION TAX CREDIT

### Enabling Act(s); Major Amendments; Statutory Citation

State Historic Preservation Tax Credit Act, 1998 PA 534, 1998 PA 535; 2001 PA 69, 2001 PA 70, 2006 PA 52, 2006 PA 53, 2006 PA 240; M.C.L. 208.39c, M.C.L. 206.266

### Program Description

A tax incentive-driven program, administered by the State Historic Preservation Office (SHPO) and Department of Treasury, aimed at residential and commercial historic preservation efforts in Michigan. Qualified expenditures on qualified historic preservation projects are eligible for Single Business Tax and Income Tax credits.

### Eligibility and Benefits

#### *Qualified Expenditures*

Qualified expenditures under the State Historic Preservation Tax Credit Act are similar to those for federal tax credits, defined in the Internal Revenue Code 26 U.S.C. 47 (a)(2), and are defined generally as any project expenses for which a straight line accounting method is used as defined in the Internal Revenue Code. Additionally, the state program allows site features to be included. Qualified expenditures do not include building acquisition costs or building expansion costs, except expansions that are required by state or federal law that promote preservation, safety or accessibility.

#### *Qualified Taxpayers*

Qualified taxpayers are assignees, owners or long-term lessees (27.5 years or more for residential, 31.5 years or more for non-residential) of the property to be rehabilitated that have qualified expenditures equal to or greater than 10 percent of the State Equalized Valuation of the property. If only a portion of the historic resource is to be rehabilitated, or if a historic resource does not have a State Equalized Valuation, taxpayers must have qualified expenditures equal to or greater than 5 percent of the appraised value to qualify. Qualified taxpayers may assign credits to partners, LLC members or Subchapter S Corporation shareholders in proportion to their ownership or by another method approved of by the Department of Treasury.

#### *Tax Credits*

Owners and long-term lessees who rehabilitate or restore qualified historic structures are eligible for up to a 25 percent tax credit against Single Business Tax or Income Tax liability for qualified expenditures associated with the restoration or rehabilitation.

For non-owner occupied residential properties, federal tax credits exist for qualified expenses related to rehabilitation or restoration of approved properties (page 47). Michigan enforces a 25 percent federal and state cap on historic preservation efforts and federal tax credits must be claimed before state tax credits. The maximum federal credit is 20 percent of approved expenses; the State of Michigan will allow an additional credit of up to 5 percent. If the project is not qualified for federal tax credits, Michigan allows up to a 25 percent credit for qualified expenses associated with the rehabilitation or restoration.

### Terms and Performance Guarantees

#### *Historic Preservation Office Administrative Requirements*

Michigan Historic Preservation Tax Credit applicants must file a certification application with the State Historic Preservation Office. Historic preservation and restoration plans and activities are subject to final

# Survey of Economic Development Programs in Michigan

approval, pursuant to published standards, of the State Historic Preservation Office. According to SHPO, the following requirements must be met for approval of the tax credit:

1. The resource must be in the State of Michigan.
2. The resource must be “eligible,” defined as any historic building, structure, site, object, feature, or open space that:
  - a) is located in a local unit of government with a population of at least 5,000 and is located in a historic district established under Michigan’s Local Historic Districts Act (1970 PA 169), or
  - b) is located in a local unit of government with a population under 5,000 and is a contributing resource in a Local Historic District, or is listed in the State Register of Historic Sites or the National Register of Historic Places.
3. All project work must conform to the United States Secretary of the Interior’s *Standards for Rehabilitation*, codified in 36 CFR 67 (page 48).
4. Applicants must complete 3 parts of the tax credit application. The first 2 parts, “Evaluation of Eligibility” and “Description of Rehabilitation,” must be submitted and approved by the SHPO before starting work. The third part, “Request for Certification of Completed Work,” must be submitted to the SHPO upon completion of work to qualify for the tax credit.
5. Qualified rehabilitation expenditures must be equal to or greater than 10 percent of the State Equalized Value of the property.
6. All rehabilitation work must be completed within 5 years.
7. If the resource is sold or alterations to the approved plan are made within 5 years of the tax credit claim, an appropriate percentage of the tax credit will be subject to recapture according to the schedule in the following section.

## ***Premature Sale or Administrative Non-Compliance Consequences***

In the event that the restored property is sold, or the restoration process revoked by the Historic Preservation Office, Income or Single Business Tax Credits are subject to recission (through SBT or Income Tax recapture) in accordance with the following schedule (schedule applies to federal tax credits also):

- 100 percent recission if the sale or revocation is less than 1 year after the year the credit was claimed;
- 80 percent if the sale or revocation is 1 year but less than 2 years after the year in which the credit was claimed;
- 60 percent if the sale or revocation is 2 years but less than 3 years after the year in which the credit was claimed;
- 40 percent if the sale or revocation is 3 years but less than 4 years after the year in which the credit was claimed;
- 20 percent if the sale or revocation is 4 years but less than 5 years after the year in which the credit was claimed;
- 0 percent if the sale or revocation is 5 years or more after the year in which the credit was claimed.

## **Changes since Program Inception**

2001 PA 69 & 70 amended the Single Business Tax Act and the Income Tax Act, respectively, to devolve provisions concerning tax credits for historical resources from the Department of State to the newly created Department of History, Arts, and Libraries. The sunset for the Historic Preservation Tax Credits was removed.

2006 PA 52 & 53 amended the Income Tax Act and the Single Business Tax Act, respectively, to expand site eligibility to include historic resources located in a local unit of government that has no Local Historic District ordinance and

is located within the boundaries of an association chartered under PA 39 or 1889 (M.C.L. 455.51 to 455.72) to benefit the Bay View Association of the United Methodist Church in Bear Creek Township, Emmet County.

2006 PA 325 repealed the Single Business Tax Act for tax years beginning after December 31, 2007.

2006 PA 240 amended the Single Business Tax Act to allow eligible taxpayers to claim a credit for historical rehabilitation projects that are approved or certified before December 31, 2007 and completed before 2010 to claim the credit against the taxpayers' liability for the 2007-tax year. Specifically, Part 2 of the application ("Description of Rehabilitation") must be certified before January 1, 2007. See subsection (16) of section 208.39c the Act for more information.

## Data and Source

As of July 2005, the following communities contained Historic District Commissions pursuant to Michigan's Local Historic Districts Act (1970 PA 169):

Adrian	*Allegan	*Ann Arbor	*Battle Creek
Bay City	Birmingham	Boyer City	Cadillac
Calumet	Calumet Twp.	*Canton Twp.	Chelsea
Clarkston	*Detroit	*East Lansing	*Farmington Hills
Flint	Frankenmuth	Franklin	*Grand Rapids
Green Oak Twp	Grosse Pte. Farms	Hart	*Holland
Holly	Huntington Woods	*Jackson	*Kalamazoo
Kentwood	*Lansing	Lathrop Village	Linden
Livonia	Lowell	*Mason	Menominee
Midland	*Monroe	Mt. Clemens	Mt. Pleasant
Muskegon	New Baltimore	Niles	Northville
Oakland Twp.	Plymouth	Pontiac	Port Huron
Portage	Rochester Hills	Royal Oak	Saginaw
*Saline	Saugatuck	Southfield	Traverse City
Troy	Utica	Vergennes Twp.	Warren
*Washtenaw County	Waterford Twp.	*Ypsilanti	

\*Certified Local Governments

SHPO also administers grants. The National Park Service annually awards SHPO with Historic Preservation Funds, which are 60-40 match grants, to support surveys, nominations to the National Register of Historic Places, public education programs, planning and development, and other projects. Ten percent of the annual allocation must be distributed to Certified Local Governments (CLG), which were established by the 1980 amendments to the National Historic Preservation Act as part of a new federal-state-local partnership. CLG must meet certain requirements, but are given financial aid, technical assistance, and more discretion in nomination and tax credit certification processes. As of July 2005, Michigan had 17 CLGs.

The Michigan State Housing Development Authority (MSHDA) Office of Community Development also offers grant and loan programs related to neighborhood preservation, rehabilitation, home ownership, demolition and beautification. For more information, contact the Office of Community Development at (517) 373-1974 or access the Web site at: [www.michigan.gov/mshda/0,16077-141-5564-31932--,00.html](http://www.michigan.gov/mshda/0,16077-141-5564-31932--,00.html)

## Discussion

With the passage of a historic preservation tax credit program, Michigan joined a majority of states in offering financial incentives for commercial and residential historic preservation efforts. According to the National Trust for Historic Preservation, 38 states provided tax incentives for historic preservation in 2006. Of these, 10 states offered property tax abatement, 11 states offered income tax credits, and 17 states offered both.



## FEDERAL HISTORIC REHABILITATION TAX CREDIT

### Enabling Act

Public Law 99-514, Internal Revenue Code 26 U.S.C. 47 (a)(2).

### Program Description

A federal tax incentive program, administered jointly by the National Parks Service and the Internal Revenue Service in partnership with state Historic Preservation Offices, that provides income tax credits to owners who rehabilitate historic buildings in accordance with their historic character. It is intended to save certified historic and other older properties and to help revitalize the economic prosperity of older locations.

### Eligibility and Benefits

#### *Qualified Expenditures*

Qualified rehabilitation expenditures are amounts chargeable to capital account for property that is depreciable and that is nonresidential real property, residential rental property, or real property that has a class life of more than 12.5 years. Straight line depreciation must be used. Qualified rehabilitation expenditures do not include the cost of acquisition, enlargement, or non-certified rehabilitation. Certified rehabilitation is rehabilitation of a certified historic structure or approved non-certified structure placed in service before 1936, which the Secretary of the Interior has certified is consistent with the historic character of the property or district.

Rehabilitation is defined as the process of returning a property to a state of utility, through repair or alteration, which makes possible an efficient contemporary use while preserving those portions and features of the property which are significant to its historic, architectural, and cultural values.

#### *Qualified Taxpayers*

Qualified taxpayers are owners and long term lessees of property to be substantially rehabilitated who complete the Historic Preservation Certification Application process and have qualified expenditures at least equal to the greater of the adjusted basis of the building or \$5,000. If an application is made by someone other than the fee simple owner, the application must be accompanied by a letter from the fee simple owner indicating that he is aware of the application and has no objection to it.

#### *Tax Credits*

Owners and long term lessees who undertake approved rehabilitation projects on approved structures may receive a federal income tax credit. Expenditures incurred by a lessee do not qualify for the credit unless the remaining lease term on the date the rehabilitation is completed is at least as long as the applicable recovery period. The program includes two mutually exclusive credits: a 20 percent credit for qualified rehabilitation expenditures on income producing buildings that are certified historic structures and a 10 percent credit for qualified rehabilitation expenditures for non-residential income producing buildings originally used before 1936 which are not certified historic structures. Credits are earned by the owner (often an investor member of the real estate entity) immediately upon the property being placed in service. "Placed in service" means ready for its intended use, which is usually evidenced by a temporary or permanent certificate of occupancy. Tax credits may also be passed on to a tenant.

### Terms and Performance Guarantees

The Historic Preservation Certification Application, which is available from NPS or the SHPO, contains three parts. Part 1 and Part 2 may be submitted separately or together, at any time during the year, but if

submitted separately, Part 1 must be submitted before Part 2. Part 1 (Evaluation of Eligibility) requests a certification of historic significance or nonsignificance for properties located in registered historic districts, and preliminary determinations for properties that are expected to be included in a registered historic district. Part 2 (Description of Rehabilitation) is a request for evaluation of the rehabilitation project and may be for a proposed project, a project in progress, or a completed project, although the NPS strongly encourages owners to submit Part 2 of the application prior to starting the work. To be certified, a rehabilitation project must be consistent with the historic character of the structure and, where applicable, with the district in which it is located.

Completed and documented Parts 1 and 2 of the Historic Preservation Certification Application are sent by the applicant to the state Historic Preservation Office (SHPO), which will forward one copy of each to the National Parks Service (NPS), usually with a recommendation. State recommendations are generally followed, but NPS has the right to make a different recommendation. Notification of NPS decisions are made in writing and a copy of the decision is provided by NPS to the Internal Revenue Service and to the SHPO. Final reviews of Parts 1 and 2 are generally concluded within 60 days of receipt of a complete, adequately documented (documentation could include photographs, architectural plans, drawings, specifications, etc.) application.

Rehabilitation projects must be for certified historic structures, which are structures subject to the allowance for depreciation provided in section 167 of the Internal Revenue Code of 1986 and either individually listed in the National Register or located in a registered historic district and certified by the Secretary of the Interior as being of historic significance to the district, or for approved, non-historic, non-residential, income-producing structures originally placed in service before 1936. Projects must be completed within 60 months and must meet the Secretary of the Interior's standards for rehabilitation, which have been adopted by Michigan's SHPO. These standards pertain to the building, landscape features, the building's site and environment, as well as attached, adjacent, or related new construction.

- a) A property shall be used for its historic purpose or be placed in a new use that requires minimal change to the defining characteristics of the building and its site and environment.
- b) The historic character of a property shall be retained and preserved. The removal of historic materials or alteration of features and spaces that characterize a property shall be avoided.
- c) Each property shall be recognized as a physical record of its time, place, and use. Changes that create a false sense of historical development, such as adding conjectural features or architectural elements from other buildings, shall not be undertaken.
- d) Most properties change over time; those changes that have acquired historic significance in their own right shall be retained and preserved.
- e) Distinctive features, finishes, and construction techniques or examples of craftsmanship that characterize a property shall be preserved.
- f) Deteriorated historic features shall be repaired rather than replaced. Where the severity of deterioration requires replacement of a distinctive feature, the new feature shall match the old in design, color, texture, and other visual qualities and, where possible, materials. Replacement of missing features shall be substantiated by documentary, physical, or pictorial evidence.
- g) Chemical or physical treatments, such as sandblasting, that cause damage to historic materials shall not be used. The surface cleaning of structures, if appropriate, shall be undertaken using the gentlest means possible.
- h) Significant archeological resources affected by a project shall be protected and preserved. If such resources must be disturbed, mitigation measures shall be undertaken.

# Survey of Economic Development Programs in Michigan

- i) New additions, exterior alterations, or related new construction shall not destroy historic materials that characterize the property. The new work shall be differentiated from the old and shall be compatible with the massing, size, scale, and architectural features to protect the historic integrity of the property and its environment.
- j) New additions and adjacent or related new construction shall be undertaken in such a manner that if removed in the future, the essential form and integrity of the historic property and its environment would be unimpaired.

Part 3 of the Application is the Request for Certification of Completed Work, which must include the project completion date, a statement that the project meets the Standards of Rehabilitation and the work described in Part 2 of the application, a statement of costs attributed to the rehabilitation, photographs documenting the completed work, and social security or taxpayer identification numbers of all owners. Completed projects may be inspected by a representative of the Secretary of the Interior to determine if the work meets the Standards for Rehabilitation and conforms to the approved plan.

The fee for review of proposed or ongoing rehabilitation projects is \$250. The fees for review of completed projects over \$20,000 are based on the cost of the certified rehabilitation:

<u>Cost of Rehabilitation</u>	<u>Fee</u>
\$20,000-\$99,999	\$500
\$100,000-\$499,999	\$800
\$500,000-\$999,999	\$1,500
\$1,000,000 or more	\$2,500

An owner or his representative may file a written appeal of a denial of certification with the Chief Appeals Officer at NPS and may request a meeting to discuss the appeal.

### *Premature Sale or Administrative Non-compliance Consequences*

If the property is sold within five years, or the restoration process is revoked, tax credits are subject to recission according to the schedule on page 45.

## Changes since Program Inception

Prior to 1976, there were no federal tax incentives that encouraged the preservation of historic buildings, although there were tax provisions that encouraged demolition and new construction. The Tax Reform Act of 1976 allowed the owner of a certified historic structure to amortize rehabilitation costs over 60 months. Changes to the tax credit program were made in 1978, 1981, and 1986. The Tax Reform Act of 1986 established the present two-tiered tax credit, which makes historic preservation and rehabilitation more competitive with new construction.

## Discussion

The program requires cooperation among multiple public sector entities and the private sector. The National Parks Service promotes the program, and is responsible for project approvals and program administration. The IRS provides information and ensures that only those parties eligible for the tax credits utilize them. SHPOs are the primary contact within the state, provide professional guidance and technical information, and make on-site visits. The private sector provides the buildings and capital.

Investor interest in partnering with developers has been encouraged by the complementary use of Michigan brownfield and historic tax credits and federal New Markets Tax Credits.

## INDUSTRIAL FACILITIES PROPERTY TAX ABATEMENT

### Enabling Act, Major Amendments; Statutory Citation

1974 PA 198; 1999 PA 140, 2000 PA 147, 2004 PA 323, M.C.L. 207.551 et seq.

### Summary Program Description

Locally-initiated property tax abatement program for industrial and high-technology developments, expansions or rehabilitation efforts. Property tax reductions for qualified new and rehabilitated projects.

### Eligibility and Benefits

Local units of government may establish plant rehabilitation districts and industrial development districts that consist of one or more parcels or tracts of land, or a portion of a parcel or tract.

Eligible businesses include industrial or high-technology business concerns that propose to expand existing operations or initiate new facilities in Michigan. Businesses apply to the local unit for abatement approval; the local unit must receive approval from the State Tax Commission before the abatement is granted.

Qualified new projects within a district may apply for property tax liability of one-half of the rate of all (improved real and personal) property taxes, except the state education tax (6 mills), for a term of up to 12 years, as determined by the local unit. Liability for half of the six-mill State Education Tax may be waived if the Department of Labor and Economic Growth determines that a waiver is necessary to promote economic growth, reduce unemployment and increase capital investment. Applicants must apply for the waiver within 6 months of receiving Industrial Facilities Exemption Certificates.

For restoration, renovation of or addition to an existing facility within a district, taxable value (real and personal property) of the facility may be frozen at the pre-restoration, pre-renovation or pre-addition level for a term of up to 12 years, as determined by the local unit.

### Terms and Performance Guarantees

There is no minimum investment amount, but the proposed project must conform to the following industrial uses:

- Manufacturing and warehousing
- High-technology activities as defined by the Michigan Economic Growth Authority (MEGA) Act (M.C.L. 207.801 et seq.)
- Research and development
- Processing of goods and materials by physical or chemical change, including the creation or synthesis of biodiesel fuels
- Hydroelectric dams operated by private companies other than public utilities
- Electric generating plants not owned by local units of government, including those fueled by biomass (for certificates approved before December 31, 2007)
- Exposition centers (at least 250,000 square feet)

#### *Certificates*

Tax abatement or exemption is contingent on receipt of an Industrial Facilities Exemption Certificate, issued by the local unit subject to approval by the State Tax Commission. Certificates are in effect for up to 12 years, as authorized by the local unit. Certificates are transferable if approved by the local unit and the State Tax Commission. Local units may extend shorter term certificates up to 12 years.

#### *Fees*

Local units may charge an Industrial Facilities Exemption Certificate application fee equal to the cost incurred in processing the application or 2 percent of the total property taxes abated for the entire term

# Survey of Economic Development Programs in Michigan

of the certificate, whichever is less. Administrative fees also apply for owners of new facilities, speculative buildings and replacement facilities.

## *Liability*

The owner or lessee of a tax-abated or exempt facility who leaves the district before the exemption certificate expires is liable to the local unit for the difference between the amount of the specific tax for the remainder of the certificate and the amount of regular property tax that would have been due without exemption.

In light of statutory and administrative time constraints, the Michigan State Tax Commission advises applicants to the Industrial Facilities Tax Abatement Program as follows:

- 1) Section 4(3) of the Industrial Facilities Exemption Act (1974 PA 198) requires that the request for the establishment of a proposed plant rehabilitation or industrial district must be made prior to the start of construction of the property for which the exemption is being sought. (This subsection does not apply to speculative buildings.)
- 2) Section 9(2)(c) provides that the start of construction of the facility cannot occur more than 6 months before the filing of the application for the Industrial Facilities Exemption Certificate. (This subsection does not apply to speculative buildings.)
- 3) Section 5(1) of the statute provides that the application for the exemption is not officially filed until the district has been established.
- 4) Tax Commission Rule No. 57 states that a complete application (with all required attachments) received by the Tax Commission on or before October 31 will be acted on by the Commission before December 31 of that year. Applications received after October 31 will be processed contingent upon staff availability.
- 5) Section 3(8)(b) provides that a speculative building must be constructed before a specific user for the building is identified.
- 6) Section 16(1) states that the term of the exemption certificate is set by the local unit. The certificate ends on December 31 following the number of years approved by the local unit.
- 7) Section 7 provides that the exemption starts on December 31 following approval by the Tax Commission. However, the exemption may not start on December 31 of the year that is approved by the local unit if the application is received by the Commission after October 31, or if an incomplete application is submitted.

## **Changes since Program Inception**

Three of the following 6 amendments to 1974 PA 198 were adopted to benefit single businesses. The specific businesses that benefited are listed in parentheses.

1999 PA 140 amended the Act to eliminate the provision requiring a local unit of government's consent if that local unit were to lose employment as result of another local unit granting exemption to a facility. The Act also included the liability provision above. The definition of industrial property was expanded to include electric generating plants not owned by a local unit of government for projects approved between June 30, 1999, and June 30, 2002. (Dearborn Industrial Generation at the Rouge Steel plant was the original beneficiary; however, the sunset was later extended to December 31, 2007, because 15 other generating plants had also benefited from the amendment during the three-year period.) The definition was also expanded to included trade and convention centers over 25,000 square feet.

2000 PA 247 amended the Act to include high-technology activity to the definition of industrial property. "High-technology activity" is defined in the MEGA Act, 1995 PA 24.

2001 PA 157 amended the Act to allow local property tax collection units to levy an administrative fee similar to the fee levied under the General Property Tax Act.

# CRC Report

2002 PA 280 amended the Act to expand the definition of industrial property to include federal reserve banks located in cities with populations of 750,000 or more (Detroit branch of the Federal Reserve Bank of Chicago).

2004 PA 323 amended the Act to include exemptions for qualified start-up businesses for up to 5 years. A qualified start-up business has less than 25 FTE, less than \$1 million in sales in the year in which the tax reduction is provided, is not publicly traded, and spends 15 percent of its budget on research and development during the years of tax reduction. Qualified start-up businesses cannot waive the State Education Tax.

2005 PA 118 amended the Act to expand the definition of industrial property to include the operation of a “logistical optimization center” for Industrial Facilities Exemption Certificate applications received between June 30, 2005-January 1, 2006 (Ryder Supply Chain Solutions in Delta Township).

## Data and Source

The Michigan Department of Treasury reports the following data on Industrial Facility Tax Abatements granted from Fiscal Year 1984 through part of Fiscal Year 2006:

<i>Fiscal Year</i>	<i>No. of Projects</i>	<i>Abated Real Property</i>	<i>Abated Personal Property</i>	<i>Total Abatement</i>	<i>New Jobs</i>
1984	855	\$ 551,548,725	\$ 1,225,277,681	\$ 1,776,826,406	5,109
1985	843	748,416,141	2,359,017,778	3,107,433,919	12,236
1986	799	469,994,189	1,889,446,300	2,359,440,489	17,406
1987	713	992,034,683	2,234,484,851	3,226,519,534	12,142
1988	708	619,611,350	1,691,064,323	2,310,675,673	12,183
1989	765	672,612,489	1,108,963,671	1,781,576,160	13,457
1990	718	668,062,110	2,753,632,860	3,421,694,970	13,238
1991	565	283,848,655	1,357,537,597	1,641,386,252	10,548
1992	635	335,566,386	2,386,173,025	2,721,739,411	11,331
1993	678	669,777,613	1,909,338,322	2,579,115,935	12,547
1994	648	372,229,776	1,467,821,651	1,840,051,427	11,218
1995	823	832,095,600	3,698,018,881	4,530,114,481	18,833
1996	804	667,014,775	3,994,719,442	4,661,734,217	13,451
1997	793	768,749,853	4,432,404,525	5,201,154,378	15,604
1998	759	771,900,982	4,315,998,208	5,087,899,190	14,168
1999	784	917,202,870	2,134,948,254	3,052,151,124	16,598
2000	755	1,289,880,956	3,005,911,322	4,295,792,278	19,313
2001	628	869,560,947	2,363,307,317	3,232,868,264	16,181
2002	572	2,197,009,790	2,241,311,334	4,438,321,123	16,903
2003	589	641,066,112	3,014,488,721	3,655,554,833	16,579
2004	664	1,379,945,299	2,746,446,113	4,126,411,412	15,077
2005	682	874,670,859	2,762,448,644	3,637,119,503	20,476
2006	<u>713</u>	<u>666,941,120</u>	<u>2,745,973,251</u>	<u>3,406,955,087</u>	<u>13,222</u>
<i>Total</i>	<i>16,493</i>	<i>18,259,741,280</i>	<i>57,838,734,071</i>	<i>76,092,536,066</i>	<i>327,820</i>

## Discussion

The Industrial Facilities Property Tax Abatement program is Michigan's oldest and largest tax abatement program. Since 1981, the local governments in Michigan have received over 17,000 applications for what are more commonly called P.A. 198s. Critics of the Act argue that tax abatements are no longer special incentives, but have come to be expected as part of business decisions to locate or expand in certain communities. The Act has been amended several times to benefit specific businesses—including non-manufacturing businesses.

## MICHIGAN ECONOMIC GROWTH AUTHORITY TAX CREDITS

### Enabling Act; Major Amendments; Statutory Citation

1995 PA 24; 2000 PA 144, 2000 PA 428, 2003 PA 248; M.C.L. 207.801 et seq.

### Summary Program Description

A Single Business Tax credit targeted at growing high-technology businesses and large scale investments with significant job creation, as well as attraction and growth of companies located in rural areas of the state. MEGA applicants must certify that the project would not occur absent the MEGA grant.

### Eligibility and Benefits

Michigan Economic Growth Authority considers applications from qualified high-technology businesses (See *Appendix G*) and businesses that propose to maintain and create jobs in:

- Manufacturing
- Mining
- Research and Development
- Wholesale and Trade
- Office Operations

Businesses with an in-state presence at the time of application must propose to create at least 50 full-time, in-state jobs over and above their in-state pre-application employment level within 12 months of expansion and maintain at least 50 of these new jobs for each year that a credit is authorized. Out-of-state businesses must create at least 100 full-time, in-state jobs within 12 months of location and maintain at least 100 of these new jobs for each year that a credit is authorized. If the application proposes the construction or rehabilitation of a facility in a Neighborhood Enterprise Zone, Renaissance Zone, Federal Empowerment Zone or Enterprise Community, then the eligible business need only propose the creation and retention of 25 full-time jobs to be considered for the MEGA tax credit. Qualified high technology businesses and eligible rural businesses need to create and maintain just 5 jobs for each year the credit is authorized and retain a minimum of 25 jobs within 5 years of expansion or location for MEGA consideration.

The MEGA Act also allows tax credits for large scale job retention investments. For example, the MEGA Board will consider applications from in-state concerns that propose new in-state capital investment of at least \$250 million, while maintaining 500 jobs. See section 8. (5) of the Act for more information on large scale job retention investments. There are also limited circumstances in which a company may be eligible for a job retention credit outside of the preceding situation. However, the requirements for these projects are quite limited and a company should discuss its particular circumstances with a MEDC representative to determine if the project may qualify.

Local government staff, financial or economic commitment to the business is also required, and is often demonstrated with the local granting of an Industrial Facilities Tax exemption (PA 198, discussed on page 50) for the project.

Eligible businesses that enter into written agreements for tax credits with MEGA are eligible for the credits provided in sections 37c, 37d and 38g(19-24) of the Single Business Tax Act (i.e. payroll credits, business activity credits, and job retention credits, respectively).

## Terms and Performance Guarantees

According to the Act, the amount and duration of MEGA grants are determined by the following factors:

- (a) The number of qualified new jobs to be created or retained jobs to be maintained.
- (b) The average wage level of the qualified new jobs or retained jobs relative to the average wage paid by private entities in the county in which the facility is located.
- (c) The total capital investment or new capital investment the eligible business will make.
- (d) The cost differential to the business between expanding, locating, or retaining new jobs in Michigan and a site outside of Michigan.
- (e) The potential impact of the expansion, retention, or location on the economy of Michigan.
- (f) The cost of the credit: the staff, financial, or economic assistance provided by the local government unit, or local economic development corporation or similar entity; and the value of assistance otherwise provided by this state.

The duration of tax credits may not exceed 20 years.

## Changes since Program Inception

The Act has been amended numerous times to make eligibility less restrictive. However, the most recent amendments were adopted to benefit individual businesses.

2003 PA 248 created separate job creation criteria for "rural businesses," and increased the number of credits MEGA may award annually.

2003 PA 249-251 amended the Single Business Tax Act of 1975 to allow MEGA to award sections 37c, 37d, and 38g tax credits through 2009; however, the Single Business Tax Act is now repealed for tax years beginning after December 31, 2007.

2004 PA 81 amended the Act to exempt certain businesses from the provision that a local unit must provide staff, financial or economic commitment. The amendment also created new categories of businesses making large scale investments that are eligible for credits, and made all job retention credits subject to a repayment clause if the terms of the agreement are violated.

2004 PA 398 amended the Act to decrease the amount of new capital investment required by businesses that retain 100 jobs. The amendment also increased the maximum population requirement for "rural businesses."

2005 PA 185 amended the Act to create a new, temporary (through 2006) category of business eligible for credits to benefit Cadillac Casting Inc.

2006 PA 21 amended the Act to remove the provision that prevents a vaccine laboratory from receiving tax credits to benefit the BioPort Corporation in Lansing.

2006 PA 117 amended the Act to once more increase the maximum population requirement for "rural businesses." The amendment also added a new category of eligible businesses to benefit the Smurfit and Stone Container Corporation in Ontonagon.



# Survey of Economic Development Programs in Michigan

2006 PA 283 included several amendments to make the Act less restrictive. The amendment included an increase in the number of credits that MEGA may annually award to rural businesses and a decrease in the high-technology wage requirement from 400 percent to 300 percent of federal minimum wage. The amendment also changes an eligibility requirement to support the application of a lumber mill in Ontonagon and the continued expansion of BioPort in Lansing.

2006 PA 325 repealed the Single Business Tax Act for tax years beginning after December 31, 2007.

## Data and Source

### *All MEGA Projects*

#### April 1995-October 2006

	<u>Totals</u>	<u>Retention Projects</u>	<u>Other Projects</u>
Number of Projects	299	25	274
Total Jobs	395,183	247,934	147,249
Direct Jobs Created	120,864	50,024	70,840
Indirect Jobs	274,319	197,910	76,409
Capital Investment	\$15,537,018,700	n/a	n/a
Personal Income Generated	\$100,640,944,050	\$228,135,050	\$100,412,809,000
Average Term of MEGA Credit	12 years	n/a	n/a
Estimated Credit Amount	\$2,320,891,000	n/a	n/a
Net Estimated State Impact	\$23,063,755,000	\$16,545,604,000	\$6,518,151,000

Source: Michigan Economic Development Corporation

## MICHIGAN NEXTENERGY AUTHORITY EXEMPTIONS AND CREDITS

### Enabling Legislation; Major Amendments; Statutory Citation

2002 PA 593; 2006 PA 632; M.C.L. 207.821 et seq.

### Summary Program Description

The Michigan NextEnergy Authority, located in the Department of Labor and Economic Growth, certifies personal property and alternative energy technology businesses for property tax exemptions or Single Business Tax credits.

### Eligibility and Benefits

The following personal properties are eligible for a property tax exemption if they were not previously subject to or exempt from the collection of taxes under the General Property Tax Act (i.e., personal property new to Michigan):

- alternative energy marine propulsion systems,
- alternative energy systems,
- alternative energy vehicles,
- tangible personal property of a business that is an alternative energy technology business, and
- tangible personal property of a business that is not an alternative energy technology business that is used solely for the purpose of research, development or manufacture of an alternative energy technology.

Alternative energy technology businesses are eligible for Single Business Tax (SBT) credits. The Authority must also certify a qualified taxpayer to claim the credit and provide proof of certification of the taxpayer's qualified business activities as defined in section 39e of the SBT Act. An alternative energy technology business is a business solely involved in research, development or manufacture of alternative energy technology.

Businesses engaged in qualified activities that are located at the Alternative Energy Renaissance Zone in the Wayne State University Research and Technology Park may also be eligible for a refundable payroll credit on their SBT. This credit is administered by the Department of Treasury.

### Terms and Performance Guarantees

Personal property tax exemption applies to taxes levied after December 31, 2002, and before January 1, 2013. Provided the taxpayer annually certifies to the Authority that there hasn't been a change in use, location or ownership of the property, the exemption is in effect through 2012.

Taxpayers also must annually apply for Single Business Tax credit certifications.

### Changes since Program Inception

2006 PA 325 repealed the Single Business Tax Act for tax years beginning after December 31, 2007.

2006 PA 632 amended and expanded several definitions in the Act to reflect recent technological advances.

# Survey of Economic Development Programs in Michigan

## Data and Source

Number of Companies and Total Value of Alternative Energy Personal Property Certified by the Michigan NextEnergy Authority, 2003-06.

<u>Year</u>	<u>Number of Companies</u>	<u>Total Value of Alternative Energy Personal Property Certified</u>
2003	14	\$10,156,322
2004	12	\$4,262,539
2005	10	\$46,516,079
2006	13	Not available yet.

Source: Michigan Economic Development Corporation

In 2002, the Michigan Economic Development Corporation initiated the NextEnergy Center, a non-profit, high-tech center dedicated to promoting the development of alternative energy businesses in Michigan and facilitating commercialization of their technologies. Now located at the Alternative Energy Renaissance Zone in Detroit, NextEnergy has an accelerator laboratory, training and demonstration space. It also provides business services such as attraction and acceleration for alternative energy technology-related businesses, collaborative research and development, and technical and programmatic support. For more information, see the NextEnergy Web site at [www.nextenergy.org](http://www.nextenergy.org).

## Discussion

Two recent initiatives demonstrate Michigan's recognition that alternative energies are needed to meet the energy demands of the 21<sup>st</sup> Century, and that alternative energy technologies can stimulate new high-tech, high wage jobs for Michigan residents. In 2002, then-Governor John Engler announced the "NextEnergy" plan to position the state as a leader in alternative energy systems and technologies, especially fuel cell technology, to revive the declining prominence of Michigan's automotive hub. In 2005, Governor Jennifer Granholm announced the 21<sup>st</sup> Century Jobs Fund, discussed on page 119, to invest in the commercialization of emerging technologies such as alternative energy.

## NEIGHBORHOOD ENTERPRISE ZONES

### Enabling Act; Major Amendments; Statutory Citation

1992 P.A. 147; 2001 PA 217, 2004 PA 396, 2005 PA 338-340; M.C.L. 207.771 et seq.

### Summary Program Description

A locally initiated zone program that provides tax incentives for housing development and improvement. Qualified local units of government may designate 1 or more areas as Neighborhood Enterprise Zones (NEZs) for the purpose of extending property tax abatements for residential construction and rehabilitation.

### Eligibility and Benefits

See *Appendix D* for a definition and list of current "qualified local governmental units."

Qualified local units of governments and county seats may waive one-half of the average statewide property tax liability on qualified new construction projects (but not the land on which the project is located) or may waive new property taxes brought about by the rehabilitated portion of the existing property (not including the land), subject to the approval of the State Tax Commission.

Specifically, the NEZ tax rate for new principal residences is one-half of the statewide average property tax in the proceeding calendar year. The NEZ tax for new non-principal residences is one-half of the statewide average tax on commercial, industrial and utility property in the proceeding calendar year. The NEZ tax for rehabilitation projects is calculated by multiplying the taxable value of the rehabilitated facility, not including the land, for the tax year proceeding the effective date of the NEZ certificate by the total mills collected under the General Property Tax (M.C.L. 211.1-211.157) in the current year for each taxing jurisdiction within which the project is located. During the last three years of the NEZ certificate, these NEZs tax rates are gradually phased up to the current property tax rates.

### Terms

NEZs must be compact and contiguous, and contain 10 or more platted parcels of land. For new facilities or rehabilitated facilities, or a combination of both, the total zone acreage may not exceed 15 percent of the total acreage of the local unit. For designated homestead zones, the total zone acreage may not exceed 10 percent of the total acreage of the local unit, or with the approval of the county board of commissioners (and the county executive, if elected or appointed) the total zone acreage may be 15 percent of the total acreage of the local unit.

A "**rehabilitated facility**" is an existing housing structure or a portion of an existing structure which would create 1 to 8 units with a true cash value of \$80,000 or less per unit. The owner must propose improvements that will bring the structure into conformance with minimum local building code standards and that, if done by a licensed contractor, would cost in excess of \$5,000 per owner-occupied unit or 50 percent of the true cash value, whichever is less; or \$7,500 per non-owner-occupied unit or 50 percent of the true cash value, whichever is less.

A "**homestead facility**" is an existing structure purchased by an owner after December 31, 1997 that consists of 1 or 2 units, one of which is occupied by an owner as a principal residence, and that is located in a subdivision platted pursuant to state law prior to 1968.

# Survey of Economic Development Programs in Michigan

With the exception of homestead facilities, qualified historical buildings, and other specific exceptions listed in section 4 of the Act, applications for NEZ certificates should be filed before a building permit for new construction or rehabilitation is granted.

Neighborhood Enterprise Zone certificates are in effect for 6 to 12 years, as determined by the governing body of the local unit. Certificates issued after December 31, 2005 may remain in effect 6 to 15 years; certificates issued before 2006 may be renewed for an additional 3 years. If the facility is a qualified historic building, the NEZ certificate is in effect for 11 to 17 years, given that within 6 years after obtaining a certificate, the historic building was owner-occupied as a principal residence.

## Changes since Program Inception

2001 PA 217 repealed the Act's sunset provision and replaced the definition of "local government unit" with "qualified local government unit" as defined by the Obsolete Property Rehabilitation Act of 2000.

2004 PA 396 amended the Act to reduce the number of years that a certificate remains in effect and relieve smaller municipalities (with populations under 20,000) from the requirement that a housing inspection ordinance be passed before adopting a resolution to create a NEZ.

2005 PA 338, 339 and 340 amended the Act to define "homestead facility;" to create provisions related to homestead facilities, including the specific NEZ tax; and to allow local governments to offer NEZ certificates to existing housing that is not in need of substantial renovation.

2006 PA 661 included additional requirements for homestead facilities.

## Data and Source

Only 15 local units of government have approved NEZs. Pontiac and Port Huron have recently passed local resolutions to establish NEZs.

### *Neighborhood Enterprise Zones in Michigan as of January 2007:*

Alpena	Battle Creek	Detroit (100+ NEZs and 26 homestead zones)
Grand Rapids	Hamtramck	Holland
Inkster	Jackson	Lansing (19 NEZs)
Mt. Clemens	Muskegon	River Rouge
Saginaw	Wyandotte	Village of Baldwin

## Discussion

Neighborhood Enterprise Zones have gained popularity in recent years. During the years 1993 to 2003, the State Tax Commission received between 70 and 480 total NEZ applications each year. Since 2004, the number of applications has increased dramatically with 1,990 NEZ applications received in 2005, and 2,200 "homestead facilities" applications received in 2006 for the cities of Detroit and River Rouge alone.

## NEW MARKET TAX CREDITS

### Enabling Act; Statutory Citation

Community Renewal Tax Relief Act of 2000, a provision of the Omnibus Consolidation & Emergency Supplemental Appropriation Act of FY2001 (P.L. 106-554).

### Summary Program Description

The Community Development Financial Institutions (CDFI) Fund, administered by the U.S. Department of Treasury, allocates New Market Tax Credits (NMTCs) to Community Development Entities (CDEs) for the purpose of attracting private investment to low-income communities. When investors make qualified equity investments in CDEs, they receive the right to claim NMTCs on a proportion of their investment over a 7-year period; in turn, CDEs invest the proceeds in eligible projects in low-income communities.

### Eligibility and Benefits

To qualify as a Community Development Entity, an organization must be a domestic corporation or partnership at the time of the certification application; demonstrate a primary mission of serving or providing investment capital for low-income communities or low-income persons; and maintain accountability to residents of low-income communities through representation on a governing board of or advisory board to the entity. An organization must apply for CDE certification from the CDFI Fund before gaining eligibility to apply for a New Market Tax Credit allocation.

Qualified equity investments in CDEs include stock or other equity interests that are obtained from a CDE in exchange for cash. Qualified low-income community investments made by CDEs include loans and investments in businesses for the purposes of residential, commercial, industrial, and retail real estate development projects, or to secure a loan from another CDE.

A low-income community comprises a census tract that has a poverty rate of at least 20 percent, based on the most recent census; and has a median family income that does not exceed 80 percent of metropolitan area income or statewide median family income, whichever is greater.

Banks, individuals and corporations that make qualified investments in CDEs may reduce their tax liability by 39 percent of the amount of investment over a 7-year period. In the first 3 years, investors receive a 5 percent credit each year; in the 4 following years, a 6 percent credit is allocated each year. Investors can carry the credit back for 1 year or forward for a 20-year period.

### Terms and Performance Guarantees

CDE applications for NMTCs are reviewed based on the following criteria: community impact, business strategy, capitalization strategy, and management capacity. Priority points are given for CDEs with exceptional track records of successful low-income community investment.

Both for-profit and non-profit CDEs may receive NMTCs, but only for-profit CDEs can offer NMTCs to investors. Non-profit CDEs must filter NMTCs through for-profit subsidiaries. If a CDE does not sell equity interests equal to the amount authorized within 5 years, authorization to sell the remainder is canceled. NMTCs will not be authorized after 2014.

CDEs must spend 85 percent of investor proceeds within 12 months for years 1 through 6, and 75 percent for year 7.

# Survey of Economic Development Programs in Michigan

---

## Changes since Program Inception

The American Jobs Creation Act of 2004 amended the Act to include “targeted populations” as eligible recipients of investment. Targeted populations are individuals or groups who work or reside in communities that do not meet the low-income community criteria, but that can meet other low-income qualifying criteria as individuals and businesses.

In 2005, Congress approved an additional \$1 billion in NMTC allocations for CDEs working to redevelop low-income communities in the Gulf Opportunity Zone, which is a specific area that was affected by Hurricane Katrina.

In 2006, the Tax Relief and Health Care Act extended the CDFI Fund's allocation authority through 2008 (1 additional year), and provided \$3.5 billion for allocations that year.

## Data and Source

Since program inception, the CDFI Fund has awarded NMTCs through 4 different allocation rounds beginning in 2003. From 2003-2006, the CDFI Fund awarded a total of \$12.1 billion NMTC allocations to 179 CDEs. In the 2006 round, the CDFI Fund awarded 63 allocations to CDEs, with a median award of \$60 million.

Source: Government Accountability Office. “New Market Tax Credit Appears to Increase Investment by Investors in Low-Income Communities, but Opportunities Exist to Better Monitor Compliance.” January 2007, GAO-07-296: [www.gao.gov/new.items/d07296.pdf](http://www.gao.gov/new.items/d07296.pdf)

Community Development Financial Institutions Fund: [www.cdfifund.gov/what\\_we\\_do/programs\\_id.asp?programID=5](http://www.cdfifund.gov/what_we_do/programs_id.asp?programID=5)

## Discussion

New Market Tax Credits attract private investment to low-income communities. The federal government provides an initial benefit in the form of a tax credit, and then all participants—investors, for-profit CDEs, non-profit CDEs, and low-income communities—work together to invest in local businesses, provide business services, and to achieve returns on investment.

## OBSOLETE PROPERTY REHABILITATION TAX ABATEMENT

### Enabling Act, Statutory Citation

2000 PA 146; 2004 PA 251, 2006 PA 70; M.C.L. 125.2781 et seq.

### Summary Program Description

A tax abatement program targeted specifically at the rehabilitation and reuse of obsolete structures. Qualified structures in approved Obsolete Property Rehabilitation Districts can receive significant property tax breaks on the improved value of the rehabilitated property.

### Eligibility and Benefits

Properties eligible for obsolete property exemption certificates must be commercial properties or commercial housing properties, located within a qualified local governmental unit, that meet the definition of “blighted” or “functional obsolescence” as defined by the Brownfield Redevelopment Financing Act of 1996, or be a “facility” as defined by the Natural Resources and Environmental Protection Act of 1994, Part 201.

See *Appendix D* for a definition and list of current “qualified local governmental units.” See *Appendix F* for the definitions of “blighted,” “functional obsolescence,” and “facility.”

Qualified obsolete property rehabilitation projects in qualified local units of government are eligible for a 1 to 12-year tax exemption certificate that would freeze the property at its pre-rehabilitated value, effectively allowing the rehabilitation to be property tax-free, with the exception of school operating taxes. The State Treasurer may waive half of the school operating taxes for a period of 6 years for up to 25 projects per year.

### Terms and Performance Guarantees

Local units may establish 1 or more Obsolete Property Rehabilitation Districts if a portion of a parcel or tract of land within the district is either:

- Obsolete property in an area characterized as obsolete commercial or commercial housing property, or
- Obsolete commercial property that was owned by a qualified local governmental unit before June 6, 2000, but that has since been conveyed to a private owner.

Owners of obsolete property within a district may apply for an Obsolete Property Exemption Certificate. Applicants must demonstrate that completion of the rehabilitation will lead to increased commercial activity, the creation or retention of jobs, or an increase in residency. Applicants must also show that “but for” the exemption, the rehabilitation would not occur. Applicants must not be delinquent in payment of any taxes related to the property. The legislative body of the qualified local governmental unit may approve or disapprove the application for an exemption certificate; if approved, the local unit will forward the application to the State Tax Commission for final approval or disapproval.

Exemption certificates remain in effect for a period of at least 1 year, but no more than 12 years, as determined by the legislative body of the qualified local governmental unit. Certificates may be extended, but may not exceed 12 years after the rehabilitation is complete. Certificates may be revoked if the proposed rehabilitation does not occur within the time authorized.



# Survey of Economic Development Programs in Michigan

---

Qualified local governmental units that grant Obsolete Property Exemption Certificates must submit annual reports to the State Tax Commission on the status of each exemption.

The current sunset date for obsolete property tax exemptions is December 31, 2010.

## Changes since Program Inception

2004 PA 251 amended the Act to allow the rehabilitated facilities of qualified start-up businesses, as defined in section 31a of the Single Business Tax Act of 1975 (MCL 208.31 a), to receive exemption under the obsolete property specific tax for up to 5 years. Years can be non-consecutive; businesses must reapply every year.

2006 PA 70 amended the Act to expand the definition of rehabilitation to include the addition of stories or floor space, so long as the additional space does not exceed 100 percent of the existing space on the same floor.

## Data and Source

The Michigan State Housing Development Authority (MSHDA) administers several complementary federal programs, such as tax credits, low interest loans, and tax exempt financing programs, for the creation of affordable housing through rehabilitation of commercial rental housing or adaptive reuse of commercial facilities. For more information on the Low Income Housing Tax Credit, the HOME/TEAM tax exempt lending, and Modified Pass Through tax exempt bond financing programs, please contact MSHDA at (517) 373-6880 or visit their Web site at: [www.michigan.gov/mshda](http://www.michigan.gov/mshda)

## Discussion

The Obsolete Property Rehabilitation Act was tied-barred to companion economic development program expansions, including significant expansions of the Brownfield Financing Act (page 73) and the Michigan Economic Growth Authority Act (page 53). In 2005, the Legislature enacted a similar, but less restrictive bill called the Commercial Rehabilitation Act (page 42).

## RENAISSANCE ZONES

### Enabling Act; Major Amendments; Statutory Citation

1996 P.A. 376; 1999 P.A. 98, 1999 P.A. 139, 2000 P.A. 259, 2003 P.A. 266, 2006 P.A. 116, 2006 P.A. 270, 2006 P.A. 305, 2006 P.A. 440; M.C.L. 125.2681 et seq.

### Program Description

A targeted-zone program that waives all business and resident site-specific state and local taxes for a term of up to 15 years. Zone applications are developed locally and awarded competitively by the Michigan State Administrative Board.

### Eligibility and Benefits

In the first two rounds, a local unit of government, or a combination of local units, meeting certain criteria of economic distress, could apply for a renaissance zone. Applications were made under one of three categories: Urban, Rural, and Ex- Military Facility. In following rounds, the program became company and industry specific as opposed to geographically designated locations.

Qualified taxpayers in Renaissance Zones enjoy the waiver of all state and local taxes (except for taxes mandated by the federal government, local bond obligations, school sinking fund or special assessments) for a term of up to 15 years from the time of Renaissance Zone approval.

### Terms and Performance Guarantees

Renaissance Zone residents and business owners not substantially delinquent in any of the following state and local taxes are exempt from these taxes:

- City Income Tax
- City Utility Users' Excise Tax
- Commercial Forests Tax
- Commercial Property Facilities Tax
- Enterprise Zone Facilities Tax
- General Property Taxes, including tax on lessees or users of tax exempt real property
- Industrial Facilities Tax
- Neighborhood Enterprise Zone Tax
- Personal Income Tax
- Single Business Tax
- Technology Park Facilities Tax

Businesses and residents must not be "substantially" delinquent in state and local taxes, as determined by the taxing local unit, in order to claim renaissance zone credits. During the last three years of Renaissance Zone status, the exemptions of the above taxes are phased up to 100 percent of the current tax rates.

# Survey of Economic Development Programs in Michigan

## Changes since Program Inception

### *I. Second Round of Renaissance Zones*

Approval for a second round of Renaissance Zones was passed into law in 1999 after Round I Renaissance Zones were less than 3 years active. The second round legislation, Public Acts 98 and 139, allowed the State Administrative Board to designate an additional 9 zones and sanctioned the board of the Michigan Strategic Fund (MSF) to designate up to 5 zones. The second round legislation also contained optional provisions that allowed for the alteration of Renaissance Zones awarded in the first round (in 1996). These options offered to first round zones were:

1. The ability to expand existing zones to accommodate the growth needs of existing zone businesses.
2. The ability to lengthen the term of the zone to a maximum of 15 years from the time the zones became active, January 1, 1997.
3. The ability to add distinct geographic areas (subzones) not to exceed a total of 10.

The sunset date for any new subzones, time extensions and/or boundary expansions was December 31, 2002.

### *II. Recision of Exit-Visa Clause*

1999 PA 36 eliminated a clause to the Renaissance Zone Act that effectively granted local units of government an ability to rescind tax abatements to businesses that moved at least 25 full-time jobs from their jurisdiction to a renaissance zone. In 1999, a similar exit-visa clause was removed from the Industrial Facilities Tax Abatement program.

This amendment also included the provision allowing local units of government to deny tax waivers to individuals or businesses that are substantially delinquent in payment of the city income tax or general property tax.

### *III. Agricultural Processing Renaissance Zones*

2000 PA 259 introduced a new type of renaissance zone specifically tailored for agricultural processing. 2003 PA 93 increased the cap on Agricultural Processing Renaissance Zones from 10 to 20 and removed the designation deadline. By July 2006, 19 Agricultural Processing Renaissance Zones had been designated. 2006 PA 284 amended the Act again in July 2006 to increase to 30 the maximum number of Agricultural Processing Renaissance Zones that the State Administrative Board, upon recommendation of the MSF board, could designate.

### *IV. Third Round of Renaissance Zones*

In 2001, a single rural Renaissance Zone remained. Four joint applications were submitted by multiple counties, which identified specific locations within their counties that they wanted designated as Renaissance subzones. Since only 1 Renaissance Zone was available, the 10 best locations in terms of development potential and infrastructure were chosen in accordance with the 10 subzones per Renaissance Zone rule. As a result, 1 comprehensive Renaissance Zone that stretched across the state was created. This zone is called the Border to Border Renaissance Zone.

## *V. Alternative Energy Renaissance Zone*

2002 PA 512 amended the Act to allow the MSF board to designate one Renaissance Zone as an alternative energy zone for a term not to exceed 20 years. An alternative energy zone promotes research, development and manufacturing of “alternative energy technology” as defined in the Michigan NextEnergy Authority Act (see page 55). 2006 PA 632 amended the Act to require Alternative Energy Renaissance Zones to promote and increase testing of alternative energy technologies and the research, development, testing and manufacture of alternative energy vehicles. This zone is located in the Wayne State University Research and Technology Park.

## *VI. Pharmaceutical Renaissance Zone*

2002 PA 587 amended the Act to allow the MSF board to designate one Pharmaceutical Renaissance Zone before April 16, 2004. This amendment was created to encourage Pfizer to retain Michigan jobs after they acquired Pharmacia.

## *VII. Tool and Die Renaissance Recovery Zones (“Recovery Zones”)*

2003 PA 266 allowed the MSF board to designate up to 20 Tool and Die Renaissance Recovery Zones with the consent of the local governmental unit. 2004 PA 202 amended the Act to allow property leased by a qualified tool and die business to be eligible for Recovery Zone status. 2005 PA 276 amended the Act to increase the total number of Recovery Zones to 25. Recovery Zones are industry-based and company-specific.

## *VIII. Redevelopment Renaissance Zones*

2006 PA 116 allowed the MSF board to designate not more than 5 Renaissance Zones as redevelopment zones to promote the redevelopment of existing industrial facilities. The Act was initially amended (2004 PA 430) to facilitate business location and job replacement at the closed Electrolux industrial facility in Greenville.

## *IX. Renewable Energy Zones*

2006 PA 270 allowed the State Administrative Board to designate up to 10 Renaissance Zones for renewable energy facilities, which create energy from residues of agricultural products, forest products, food production and processing, and from gaseous fuels produced from biomass, animal waste or landfills.

## *X. Forest Product Processing Zones*

2006 PA 305 allowed the State Administrative Board to designate up to 10 Renaissance Zones for forest product processing facilities such as saw mills, paper mills and manufacturers of wood products like cabinets, furniture, floors, doors and windows, and other operations that do not primarily engage in retail.

## *XI. Program Expansion*

2006 PA 440 amended the Act to allow existing Renaissance Zones without 10 subzones to designate additional subzones. The amendment also allows Renaissance Zones that have not experienced significant development to extend the duration of the term. No boundary expansions are included in this amendment. The sunset for these program expansions is December 31, 2011. This amendment became effective in October 2006; at this time, applications for subzone additions and time extensions are not yet available.

# Survey of Economic Development Programs in Michigan

## Data and Source

As of November 2006, there are 21 Renaissance Zones (Urban, Rural, Ex-Military) in 152 geographic locations. From program inception through 2005, these 21 zones reported the completion of over 400 projects, which generated \$2.4 billion in private investment and created more than 8,500 jobs. A majority of the following zones took advantage of the Round II legislation, which authorized subzone, boundary and/or term expansions before the December 31, 2002, sunset.

### *Round I Renaissance Zones (awarded 1996; active January 1, 1997)*

#### *Urban*

1. City of Benton Harbor, Benton Charter Twp., Berrien County (10 subzones; 10-year term)
2. City of Detroit (10 subzones; 12-year term)
3. City of Flint (8 subzones; 15-year term)
4. City of Grand Rapids (10 subzones; 15-year term)
5. City of Lansing (2 subzones; 12-year term)
6. City of Saginaw (8 subzones; 12-year term; plus 2 additional subzones in effect until 2016)

#### *Rural*

7. Gogebic/Houghton/Ontonagon Counties (10 subzones; 15-year term)
8. Gratiot/Montcalm Counties (9 subzones; 15-year term)
9. Manistee County (2 subzones; 15-year term)

#### *Ex-Military*

10. Oscoda-Wurtsmith, Iosco County (15-year term)
11. Warren Tank Plant, Macomb County (15-year term)

### *Round II Renaissance Zones (awarded 1999; active in January 1, 2000 and January 1, 2001)*

#### *Urban*

1. Cities of Battle Creek and Kalamazoo (10 subzones; 15-year term)
2. City of Jackson (5 subzones; 15-year term)
3. Cities of Muskegon and Muskegon Heights (10 subzones; 15-year term)
4. Wayne County: Cities of River Rouge, Taylor, and Wyandotte (8 subzones; 15-year term)

#### *Rural*

5. Northern Tier: City of Alpena; Alpena, Grand Traverse, Presque Isle Counties (10 subzones; 15-year term; extended 2 years)
6. Mid-Michigan Economic Growth Corridor: Clare, Lake, Osceola Counties; Cities of Brown, Croswell, Sandusky; Villages of Caro, Cass, Owendale, Port Hope (10 subzones; 15-year term)
7. Thumb Area: Huron, Sanilac, Tuscola Counties (9 subzones; 10-year term, extended 7 years)
8. Van Buren County (6 subzones; 10-year term)

#### *Ex-Military*

9. K.I. Sawyer Airforce Base, Marquette County (15-year term)

## *Round III Renaissance Zone (awarded 2001; active January 1, 2002)*

### *Border to Border Renaissance Zone (10 subzones; 10-year term)*

#### *Subzones:*

- a. Arenac County—AuGres City
- b. Barry County—Middleville Village
- c. Branch County—Coldwater City
- d. Delta County—Escanaba City (extended until 2017)
- e. Gladwin County—Gladwin City
- f. Ionia County—Belding City
- g. Iron County—Crystal Falls City
- h. Lenawee County—Hudson City
- i. Lenawee County—Morenci City (extended until 2013)
- j. Mecosta County—Big Rapids Township (extended until 2016)

As of January 2007, there are 47 company and/or industry specific Renaissance Zones:

#### *Agricultural Processing Renaissance Zones*

1. Oceana County, City of Hart, Gray & Co. (2001; 15-year term)
2. Oceana County, Hart Township, Peterson Farms (2001; 15-year term)
3. Ionia County, Odessa Township, Sunny Fresh Foods (2003; 10-year term; revoked in 2005; see #16)
4. Kent County, City of Grand Rapids, Kellogg Company (2003; 15-year term)
5. Ontonagon County, Carp Lake Township, Subterra, LLC (2003; 15-year term)
6. Oceana County, Grant Township, Village of New Era, New Era Canning Co. (2003; 15-year term)
7. Ottawa County, Zeeland Township, Zeeland Farm Service (2003; 15-year term)
8. Benzie County, Gilmore Township, Graceland Fruit, Inc. (2003; 15-year term)
9. Montmorency County, Village and Township of Hillman, Sunrise Aquaculture (2003; 15-year term)
10. Calhoun County, City of Battle Creek, Kellogg Company (2005; 5-year term)
11. St. Clair County, City of Marysville, Marysville Ethanol, LLC (2006; 7-year term)
12. Barry County, Woodland Township, Superior Corn Products, LLC (2006; 15-year term)
13. Calhoun County, Sheridan Township, The Anderson's Albion Ethanol, LLC (2006; 15-year term)
14. Lenawee County, Riga Township, Great Lakes Ethanol, LLC (2006; 15-year term)
15. Oceana County, Colfax Township, Chase Farms, Inc. (2006; 10-year term)
16. Ionia County, Odessa Township, Sunny Fresh Foods (2006; new 7-year term)
17. Ottawa County, Allendale Township, Leprino Foods Company (2006; 10-year term)
18. Mason County, City of Scottville, Diversified Natural Products, Inc. (2007; 10-year term)
19. Van Buren County, City of Bangor, Michigan Biodiesel, LLC (2007; 10-year term)

#### *Michigan Strategic Fund (MSF) Designated Zones*

1. Wayne County, City of Detroit, Marathon Ashland Petroleum (2003)\*
2. Kent County, Bowne Township, Magna Mirror Systems (2003)
3. Wayne County, City of Detroit, NextEnergy (2003)
4. Midland County, City of Midland, Dow Chemical Company (2003)
5. Montcalm County, City of Greenville, Portion of Industrial Park designated as a Redevelopment Renaissance Zone (2007)

\*Company name change: Marathon Ashland Petroleum, LLC (MAP) was changed to Marathon Petroleum Company, LLC (MPC) effective July 1, 2005.

# Survey of Economic Development Programs in Michigan

## *Tool and Die Renaissance Recovery Zones*

1. Automation & Tooling Alliance of North America, LCC (ATANA)—Round II
2. Berrien Tooling Coalition—Round II
3. Capital Area Tooling Partnership—Round III
4. Central Michigan Collaborative—Round II
5. Coopersville Tooling Coalition—Round I
6. Custom Design, Inc. (belongs to UTC)—Round I
7. Eastern Michigan Tool & Die Collaborative—Round II
8. First Choice Machining Solutions—Round III
9. Great Lakes tool & Die Collaborative (includes LS Mold, Inc.)—Round I
10. Michigan Coast to Coast Tool & Die Collaborative—Round III
11. Michigan Tooling Group—Round II
12. Muskegon Tooling Alliance—Round III
13. Northwest Michigan Tooling Coalition—Round III
14. Precision Tooling Coalition—Round I
15. Precision Tooling Coalition (belongs to Round I coalition)—Round II
16. Southwest Michigan Tooling Collaborative—Round II
17. Tooling Advantage Group—Round II
18. Tooling Systems Group—Round I
19. Tool Makers Alliance—Round III
20. United Tooling Coalition (UTC) (includes Lansing Tool & Engineering)—Round I
21. West Coast Tooling Coalition—Round II
22. West Michigan Tooling Coalition—Round I
23. Whitehall Township Tooling Coalition—Round II

As of November 2006, 11 Agricultural, 1 Redevelopment, 10 Renewable Energy, 10 Forest Products and 8 Tool & Die Recovery Zones were still available for designation anywhere in the state. Six of the 8 remaining Recovery Zones were announced on December 20, 2006 (Round III); another round will begin in 2007.

Source: Michigan Economic Development Corporation

## Discussion

The renaissance zone program has expanded significantly since its inception in 1997. In addition to geographic expansions, the zones also expanded the classes of businesses eligible for benefits, as evidenced by the creation of Agricultural Processing Renaissance Zones, Michigan Strategic Fund Designated Zones, Tool and Die Renaissance Recovery Zones, Renewable Energy Renaissance Zones, and Forest Products Processing Renaissance Zones.

The expansion also included a large class of Michigan businesses that were effectively prevented—by threat of tax abatement rescission from their resident local unit—from considering a move to a renaissance zone. This measure, commonly known as an “exit-visa” provision, is found in the enabling legislation of several state-based economic development programs.





## FINANCING PROGRAMS AND TAX AUTHORITIES

*Brownfield Authorities*  
*Corridor Improvement*  
*Downtown Development Authorities*  
*Description and Example of Tax Increment Financing*  
*Historic Neighborhood TIFAs*  
*Industrial Development Revenue Bonds*  
*Local Development Finance Authorities*  
*SmartZones*  
*Principal Shopping Districts, Business Improvement Districts and Zones*  
*Taxable Bond Program*  
*Tax Increment Finance Authorities*  
*Comparison Table of Various Tax and Finance Authorities in Michigan*



## BROWNFIELD AUTHORITIES

### Enabling Act, Major Amendments, Statutory Citation

1996 PA 381, 2000 PA 145, 2002 PA 727, 2003 PA 259, 2003 PA 277, 2005 PA 101, 2006 PA 32; M.C.L. 125.2651 et seq.

### Summary Program Description

Brownfields, as defined by the United States Environmental Protection Agency, are “abandoned, idled, or under-used industrial or commercial facilities where expansion or redevelopment is complicated by real or perceived environmental contamination.”

This program allows local units of government to establish Brownfield Redevelopment Authorities (BRAs) and use tax increment financing (defined on page 80) for environmental remediation of brownfield sites.

Approved brownfield projects in Brownfield Redevelopment Authorities are also eligible for Single Business Tax Credits, described on page 39.

A number of grants and loans are also available to support brownfield cleanup and redevelopment. For a description of brownfield grants and loans, see page 123.

### Eligibility and Benefits

A local unit of government may establish one or more Brownfield Redevelopment Authorities by resolutions adopted by the majority of the municipality's governing body. The municipality's governing body may then designate a BRA board to create and implement a brownfield plan that identifies the properties from which taxes will be captured and where eligible activities will be conducted. BRAs may be countywide or citywide, but may only exercise powers on eligible property within the jurisdiction and may only capture taxes from approved brownfield plan sites that the municipality authorizes. The Michigan Department of Environmental Quality (MDEQ) and/or the Michigan Economic Growth Authority (MEGA) must also approve the brownfield plan. Eligible activities vary depending on whether MDEQ, MEGA, or both entities approve the brownfield plan. Brownfield-related tax increment finance programs must be approved before January 1, 2008.

Eligible property means a “facility” as defined in Part 201 of the Natural Resources and Environmental Protection Act (NREPA), 1994 PA 451, or a “blighted” or “functionally obsolete” property as defined by the Brownfield Redevelopment Financing Act, 1996 PA 381. For definitions of these terms see *Appendix F*.

BRAs have the power to:

- Create and implement brownfield plans to promote the reuse of blighted, tax reverted or functionally obsolete property and other eligible properties.
- Determine the captured taxable value of each eligible property
- Make loans and mortgages, bid for and purchase property
- Make and enter into contracts
- Borrow money and issue bonds or notes in anticipation of collection of tax increment revenues, and
- Establish a local site remediation revolving fund.

## Terms and Performance Guarantees

### *The BRA Board:*

The elected members of the municipality's legislative body may designate a board, such as the economic development corporation, downtown development authority, or local development financing authority to act as the BRA board. Alternatively, the municipality's CEO may appoint a board. BRAs do not expire until the BRA boards disband them; however, each brownfield plan and therefore each tax increment financing scheme is effective for no more than 30 years.

### *Provisions of the Brownfield Plan:*

The BRA board may implement a brownfield plan subject to approval by the municipality, the MDEQ and/or MEGA. In general, the brownfield plan must include a description of the property and the number of people residing there, a description of the costs to be paid for by tax increment financing, the proportion of captured taxable value to be used, the estimated impact of tax increment revenues on affected taxing jurisdictions and a list of eligible activities that may be conducted. The plan should also include an affidavit signed by a level III or IV assessor if the property is functionally obsolete. Plans may not exceed 30 years in duration.

### *Approval by MEGA:*

A BRA must apply to MEGA before January 1, 2008 for brownfield plan approval if school operating revenues, local site remediation revolving funds derived from taxes levied for school operating purposes, and tax increment financing will be used for eligible non-environmental activities, including:

- Infrastructure improvements that directly benefit eligible property,
- Demolition of structures that is not in response to contamination,
- Lead or asbestos abatement, and/or
- Site preparation that is not in response to contamination.

An agreement between the developer/owner and the municipality is also required for approval by MEGA.

### *Approval by MDEQ:*

School operating revenues and local site remediation revolving funds derived from taxes levied for school operating purposes may be captured for eligible activities under Part 201 of NREPA subject to approval by the MDEQ before January 1, 2008.

Such eligible activities include:

- Baseline environmental assessment
- Due care activities
- Additional response activities

### *Exclusions:*

Taxes levied for school operating purposes may not be used for any eligible activities at qualified facilities (landfills) or on eligible property located in an economic opportunity zone.

Tax increment revenues exclude ad valorem property taxes or specific taxes levied under most development districts and zones, and taxes captured by development authorities if those taxes were already captured when the eligible property became part of the brownfield plan.

# Survey of Economic Development Programs in Michigan

## Changes since Program Inception

The Brownfield Redevelopment Financing Act has undergone several major amendments, which have expanded the program since its 1996 inception.

2000 PA 145 amended the Act to allow for non-site-specific BRAs, meaning that an approved brownfield development project could be located anywhere within the local unit. This amendment also greatly expanded the definition of eligible property to include blighted and functionally obsolete property.

2002 PA 727 amended the Act to extend the sunset through 2007. The previous sunset was January 1, 2003. Other amendments include the requirement of an affidavit signed by a level III or IV assessor for a property to be designated functionally obsolete.

2003 PA 259 amended the Act to include assistance to a land bank fast track authority among eligible activities. The amendment also incorporated tax reverted property owned or held by an authority into the definition of eligible property.

2003 PA 277 amended the Act to change the definition of initial taxable value to mean the taxable value of the eligible property identified in a brownfield plan as shown by either the most recent assessment role before the resolution that added the property to the brownfield plan was adopted, or the next assessment role following the date the resolution was adopted. This amendment allows BRAs to select the initial taxable value that will maximize tax increment revenues.

2005 PA 101 amended the Act to allow BRAs to reimburse advances made by a municipality, land bank fast track authority, or any other person or entity for the costs of eligible activities "with or without interest." The amendment also added the definition of a "qualified facility" (landfill area), stipulated the types of eligible activities allowed, and created a provision to allow municipalities to exempt their taxes from tax capture if the brownfield plan includes a qualified facility.

2006 PA 32 amended the Act to allow "economic opportunity zones" to be eligible for tax increment financing with the exclusion of school operating tax capture if the zone is involved in eligible activities. "Economic opportunity zones" are one or more parcels of property that:

- (together) are 40 acres or more in size,
- contain a manufacturing facility 500,000 square feet or more in size, and
- are located in a municipality with a population of 30,000 or less and that is contiguous to a qualified local governmental unit.

## Data and Source

According to the MDEQ, as of July 2006, there were 261 Brownfield Redevelopment Authorities in the state. When all MDEQ-approved brownfield projects are complete, they will have created an estimated \$1.9 billion in private investment and nearly 10,000 jobs, and will have facilitated the redevelopment of almost 2,000 acres. (Brownfield Development Financing Act Report, 2005).

## Discussion

Brownfield authorities are a relatively recent economic development program. Historically, brownfields seek to rectify environmental cleanup lessons learned from the federal Superfund experience, where statutory intent to identify polluter liability had the unintended effect of scaring away potential lenders for site development or rehabilitation. Michigan was one of the first states to exempt new buyers from polluter liability. Yet, while the Brownfields Redevelopment Financing Act greatly increased the number of redeveloped brownfield sites, it has not encouraged actual brownfield cleanup: New purchasers of brownfield property are only responsible for containing pollution under due care requirements and are not obligated to fully remediate sites.

## CORRIDOR IMPROVEMENT AUTHORITIES

### Enabling Act; Statutory Citation

2005 PA 280; M.C.L. 125.2871 et seq.

### Program Description

Municipalities may establish 1 or more Corridor Improvement Authorities that use tax increment financing to make capital improvements within an established commercial district. The Corridor Improvement Authorities Act allows communities that already have Downtown Development Authorities (DDA, see page 75) to extend similar benefits to aging commercial corridors that may be outside of the DDA district or that extend through more than one municipality.

### Eligibility and Benefits

Cities, villages and townships may use tax increment financing, bonds, special assessments and fees to improve land and construct, rehabilitate, preserve, equip or maintain buildings within a “development area” for public or private use.

### Terms and Performance Guarantees

A municipality, by resolution, may adopt an ordinance to establish 1 or more authorities and their development areas. The governing body of the municipality may alter or amend the boundaries of the development area.

The development area must comply with all of the following:

- The area must be adjacent to a road classified as an arterial or collector according to the Federal Highway Administration manual, “Highway Functional Classification—Concepts, Criteria and Procedures;”
- The area must contain at least 10 contiguous parcels or at least 5 contiguous acres;
- More than half of the existing ground floor square footage in the development area is classified as commercial real property under section 34c of the General Property Tax Act (M.C.L. 211.34c);
- Residential use, commercial use or industrial use has been allowed and conducted under the zoning ordinance or conducted in the entire development area for the immediately proceeding 30 years;
- The area is presently served by municipal water and sewer;
- The area is zoned to allow for mixed use that includes high-density residential use;
- The municipality agrees to a.) expedite the local permitting and inspection process in the development area, and b.) modify its master plan to provide for walkable nonmotorized interconnections, including sidewalks and streetscapes, throughout the development area.

Two adjoining municipalities with authorities may enter into an interlocal agreement pursuant to the Urban Cooperation Act of 1967 to jointly operate and administer these authorities.

### Discussion

Corridor Improvement Authorities join the ranks of similar tax increment financing (TIF) programs such as Downtown Development Authorities (page 77), Tax Increment Financing Authorities (page 90), Local Development Finance Authorities (page 83) and Brownfield Redevelopment Authorities (page 73).

## DOWNTOWN DEVELOPMENT AUTHORITIES

### Enabling Act, Major Amendments, Statutory Citation

1975 PA 197; 2004 PA 158, 2004 PA 521, 2005 PA 115, 2006 PA 279; M.C.L. 125.1651 et seq.

### Summary Program Description

Downtown Development Authority (DDA) legislation allows local units of government to establish an authority in designated “downtown” areas. Established DDAs can raise revenue for physical improvements, property acquisition, marketing, and operations by the use of tax increment financing (see page 80), revenue bonds, tax levy (subject to municipal population requirements), fee collection, and grants. All DDA expenditures must be used for the DDA only.

### Eligibility and Benefits

Any city, village or township may establish an area within a downtown business district as a Downtown Development Authority. Under special conditions, a DDA boundary may contain one or more separate and distinct geographic areas within a business district.

A municipality that has created an authority may enter into an agreement with an adjoining municipality that has created an authority to jointly operate and administer those authorities by means of an interlocal agreement pursuant to the Urban Cooperation Act of 1967. A municipality that has created an authority may also operate its authority in an adjoining “qualified township,” also pursuant to the Urban Cooperation Act. For business districts that are part of an annexation or consolidation with another municipality, the districts’ authorities shall act as the authority of the annexed or consolidated municipality.

### Terms and Performance Guarantees

DDAs in municipalities with one million or more population are authorized to levy a tax of up to 1 mill on DDA businesses, and in municipalities with populations under 1,000,000, DDAs may levy up to 2 mills.

### Changes since Program Inception

Since 2002, more than half of the amendments to the Downtown Development Authority legislation have been adopted to address the interests and concerns of specific municipalities.

2002 PA 234 amended the Act to conform to the Revised Municipal Finance Act of 2001. Specifically, the provisions pertaining to the refunding of bonds and the requirement that bonds mature in 30 years or less were eliminated.

2004 PA 158 amended the Act to allow a DDA to include one or more separate and distinct geographic areas if a city surrounded another city, which lay between the surrounding city’s downtown areas.

2004 PA 196 amended the Act to authorize the board to engage in marketing activities and contract for broadband and wireless services to benefit the district only. The amendment also revised the criteria for “qualified refunding obligations.”

2004 PA 521 amended the Act to allow adjoining municipalities to jointly administer their DDAs through interlocal agreements.

2005 PA 115 amended the Act to allow a municipality with an existing DDA to operate its authority in “qualified townships” through an interlocal agreement. This amendment also allowed a municipality to create a downtown district with one or more separate and distinct geographic areas if the municipality entered into an agreement with a “qualified township.”

# CRC Report

2006 PA 279 amended the Act to expand the composition of the board to include “a majority of persons with an interest in property in the district or officers, members, trustees, principals, or employees of a legal entity having an interest in property located in the downtown district.”

## Data and Source

Through 2005, the following cities, villages and townships had Downtown Development Authorities:

Adrian	Alanson	Albion	Algonac
Allegan	Allen Park	Allendale Twp.	Almont
Alpena	Amber Twp.	Ann Arbor	Antrim Twp.
Armada	Auburn	Auburn Hills	Bad Axe
Bagley Twp.	Baldwin	Baldwin Twp.	Bangor
Baraga	Baroda	Battle Creek	Bay City
Belding	Belleville	Bellevue	Beaverton
Bedford Twp.	Belding	Bellaire	Belleville
Bellevue	Benton Harbor	Benton Twp.	Berkley
Bessemer	Beulah	Beverly Hills	Big Rapids
Birch Run	Birch Run Twp.	Blackman Twp.	Blissfield
Bowne Twp.	Boyne City	Breckenridge	Bridgeport Twp.
Brighton	Briley Twp.	Brown	Brownstown Twp.
Buchanan	Buena Vista Twp.	Burr Oak	Burton
Byron Twp.	Cadillac	Calumet	Calumet Twp.
Canton Twp.	Capac	Caro	Cascade Twp.
Caseville	Caspian	Cass City	Cassopolis
Cedar Springs	Centerline	Charlevoix	Charlotte
Cheboygan	Chelsea	Clam Lake Twp.	Clare
Clawson	Clay Twp.	Clifford	Clinton
Clinton Twp.	Clio	Coldwater	Coleman
Colfax Twp.	Coloma	Columbiaville	Commerce Twp.
Constantine	Coopersville	Corunna	Croswell
Crystal Twp.	Crystal Falls	Dansville	Davison
Dearborn	Decatur	Delhi Twp.	Detroit
Dewitt	Dexter	Dorr Twp.	Douglas
Dowagiac	Dundee	Durand	East Detroit
East Jordan	East Lansing	Eaton Rapids	Ecorse
Edmore	Elk Rapids	Elkton	Elsie
Escanaba	Essexville	Farmington	Fennville
Fenton	Ferndale	Fife Lake	Filer Twp.
Flint	Flint Twp.	Fowlerville	Frankenmuth
Fraser	Fremont	Garden City	Gaylord
Gibraltar	Gladstone	Gladwin	Grand Blanc Twp.
Grand Haven	Grand Haven Twp.	Grand Ledge	Grand Rapids
Grandville	Grant Twp.	Grass Lake	Grayling
Greenland Twp.	Greenville	Grosse Ile Twp.	Grosse Pte. Park
Hagar Twp.	Hamtramck	Hancock	Harbor Beach
Harbor Springs	Haring Twp.	Harrison	Hart Twp.
Hastings	Hazel Park	Helena Twp.	Higgins Twp.
Highland Twp.	Hillman	Holland	Holly
Homer	Hopkins	Houghton	Howard City
Howell	Hudson	Hudsonville	Imlay City
Independence Twp.	Inkster	Inverness Twp.	Ionia
Iron Mountain	Iron River	Ironwood	Ishpeming



# Survey of Economic Development Programs in Michigan

Ithaca	Jackson	Jonesville	Kalamazoo
Kalkaska	Kearney Twp.	Kent City	Kingsley
Kingston	Kochville Twp.	L'Anse	Lainburg
Lake City	Lake Linden	Lake Odessa	Lake Orion
Lakeview	Lansing	Lansing Twp.	Lapeer
Lathrup Village	Lawrence	Lawton	Leoni Twp.
Leslie	Lexington	Lincoln	Lincoln Park
Litchfield	Livonia	Lowell	Ludington
Lyon Twp.	Lyons	Mackinaw City	Madison Twp.
Madison Heights	Mancelona	Manchester	Manistee
Manistique	Marine City	Marion	Marlette
Marquette	Marquette Twp.	Marshall	Mason
Mattawan	Mayville	McBain	Melvindale
Mendon	Menominee	Meridian Twp.	Middleville
Midland	Milan	Milford	Millington
Minden City	Monitor Twp.	Monroe	Montague
Montrose	Morenci	Morrice	Mt. Clemens
Mt. Morris	Mt. Pleasant	Munising	Muskegon
Muskegon Heights	Negaunee	New Baltimore	New Lothrop
Niles	North Branch	Northfield Twp.	Northville
Norway	Oceola Twp.	Ogemaw Twp.	Onsted
Ontonagon	Ortonville	Oscoda Twp.	Oshtemo Twp.
Otisville	Otsego	Otter Lake	Ovid
Owosso	Oxford	Parchment	Parma
Peck	Pellston	Perry Twp.	Petoskey
Pinckney	Pinconning	Pinconning Twp.	Pine River
Plainfield Twp.	Plainwell	Pleasant Ridge	Plymouth
Plymouth Twp.	Pontiac	Port Huron	Port Huron Twp.
Port Sanilac	Portage	Portland	Quincy
Ravenna	Redford Twp.	Reed City	Remus
Richmond Twp.	River Rouge	Rochester	Rockford
Rogers City	Romeo	Romulus	Roosevelt Park
Roscommon	Rose City	Roseville	Royal Oak
Royal Oak Twp.	Saginaw	St. Charles	St. Clair
St. Ignace	St. Joseph	St. Louis	Sault Ste. Marie
Scio Twp.	Scottville	Shelby	Solon Twp.
South Haven	South Lyon	South Range	Southfield
Southgate	Spring Lake	Stanton	Stevensville
Stockbridge	Sturgis	Swartz Creek	Taylor
Tecumseh	Texas Twp.	Three Oaks	Tittabawassee Twp.
Traverse City	Trenton	Troy	Tuscarora Twp.
Union Twp.	Utica	Van Buren Twp.	Vassar
Vevay Twp.	Vicksburg	Walker	Walled Lake
Warren	Wayland	Wayne	Webberville
West Branch	West Branch Twp.	West Dearborn	Westland
White Cloud	Williams Twp.	Williamston	Wixom
Woodhaven	Wyandotte	Wyoming	Yale
Ypsilanti	Zeeland		

## Discussion

Downtown Development Authorities were the first incarnation of tax increment financing in Michigan. Tax increment finance districts now include Local Development Finance Authorities (LDFAs) (which were recently expanded to include high-tech business interests), Tax Increment Finance Authorities (TIFAs), Brownfield Redevelopment Authorities (BRAs) and Corridor Improvement Authorities.

## TAX INCREMENT FINANCING

Tax increment finance (TIF) districts allow local units of government to capture (from other taxing governmental units) the increase in property tax levies above and beyond the year in which the authority was established. For example, a local unit that establishes a tax increment finance authority (DDA, LDFA, or BRA) in 2007 may, in 2008 and every year following for as long as the authority chooses, retain property tax revenues above those collected (the increment) in 2007 (base year) that are otherwise due to other units of government, such as counties and school districts. TIF districts may not capture millages for debt obligations and typically the State Education Tax (6 mills) may not be captured.

To illustrate a hypothetical example, imagine that a commercial property is located within the boundaries of the City of Nowhere DDA, and that in 1995, the DDA implemented a tax increment financing (TIF) plan. The TIF plan stipulated the “capture” of any increase in property taxes levied above and beyond the 1995 levy. At that time, the taxable value of the property was \$500,000 and the non-homestead tax rate in City of Nowhere was 64.6445 mills, or approximately \$65 per \$1000 of taxable value. Assume this tax rate has been constant from 1995 to the present. This rate includes taxes that support the general operations of the city, the county, local schools, the intermediate school district, the community college, a parks authority, the county transportation authority, and the city debt obligation and State Education Tax.

The Nowhere DDA is prohibited from capturing tax revenues levied for the State Education Tax (SET) and the city debt obligation. In Nowhere, a total of 19.1129 mills are levied for the purposes of the SET and the city debt. Therefore, the Nowhere DDA may only capture the increased revenue from 45.5316 mills, or about \$46 of the \$65 per \$1,000 of taxable value that are paid in taxes annually.

Assume the taxable value of the property grows,<sup>1</sup> so the amount paid in taxes each year also increases. The total taxes paid by the property owner are represented in the third column below. The annual amount of non-SET and non-debt taxes “capturable” (the 45.5316 mills) since 1995 is represented in the fourth column. The last column, “Amount Captured by the DDA,” is equal to the difference of the amount of captured taxes paid each year and the amount of capturable taxes paid in 1995 when the Nowhere DDA implemented the tax increment financing plan.

By 2007, the Nowhere DDA will have “captured” over \$49,000 in tax revenues from non-SET and non-debt taxes levied on the commercial property. However, the property owner is not directly impacted by the TIF plan. Property taxes are paid as usual; the only difference is that a proportion of the revenues raised from the property go to the DDA for economic development purposes instead of the other local taxing jurisdictions for education, parks and transit purposes.

<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
<u>Year</u>	<u>Taxable Value</u>	<u>Total Taxes Paid</u> <i>(64.6445 mills * every \$1,000 of taxable value)</i>	<u>Taxes Subject to Capture</u> <i>(45.5316 mills * every \$1,000 of taxable value)</i>	<u>Amount Captured by the DDA</u> <i>(taxes subject to capture - \$22,766)</i>
1995	\$500,000	\$32,332	\$22,766	—
1996	514,000	33,227	23,403	\$637
1997	528,392	34,158	24,059	1,293
1998	542,659	35,080	24,708	1,942
1999	551,341	35,651	25,103	2,338
2000	561,817	36,318	25,580	2,815
2001	579,795	37,481	26,399	3,633
2002	598,348	38,680	27,244	4,478
2003	607,323	39,260	27,652	4,887
2004	621,292	40,163	28,288	5,523
2005	635,582	41,087	28,939	6,173
2006	656,556	42,443	29,894	7,128
2007	680,848	<u>44,013</u>	31,000	<u>8,234</u>
<b>Total</b>		<b>\$489,873</b>		<b>\$49,081</b>

<sup>1</sup> As part of Proposal A of 1994, the Michigan Constitution was amended to create a new measure of property value—taxable value. The Constitution provides that the taxable value for each parcel of property, adjusted for additions and losses, shall not increase each year by more than the increase in the immediately preceding year in the general price level (CPI), or 5 percent, whichever is less, until ownership of the parcel of property is transferred. The maximum CPI increases allowable under Proposal A for years 1995-2004 are accessible at: [www.crcmich.org/Almanac/Taxes/propvalu.htm](http://www.crcmich.org/Almanac/Taxes/propvalu.htm).

## HISTORIC NEIGHBORHOOD TAX INCREMENT FINANCING AUTHORITY

### Enabling Act; Statutory Citation

2004 PA 530; M.C.L. 125.2841 et seq.

### Summary Program Description

A program that may use tax increment financing to fund the construction, renovation, restoration, or preservation of housing and public facilities within historic districts to promote residential and economic growth.

### Eligibility and Benefits

Eligibility is limited to cities and townships with historic districts as defined by the Local Historic District Act, 1970 PA 169, M.C.L. 399.201 a. A "historic district" is an area, or group of areas not necessarily having contiguous boundaries, that contains 1 resource or a group of resources that are related by history, architecture, archeology, engineering, or culture. A "public facility" is housing, a street, plaza, pedestrian mall, park, parking facility, recreational facility, right of way, structure, waterway, bridge, lake, pond, canal, utility line or pipe, and building.

Cities and townships may establish multiple Historic Neighborhood Tax Increment Financing Authorities (TIFAs) inside the boundaries of historic districts. Historic Neighborhood TIFAs may accept donations, charge fees and rents, issue bonds, and levy special assessments to finance construction, renovation, restoration, and preservation of the historic district development area. A municipality by resolution and voter approval may issue general obligation bonds to support the Historic Neighborhood TIFA development plan.

### Data and Source

As of July 2005, 63 municipalities had Historic District Commissions established pursuant to the Local Historic Districts Act. See the Historic Preservation Tax Credit for a list of municipalities (page 44). At the time of this publication, the number of cities and townships with Historic Neighborhood TIFAs was unknown.

### Conclusion

For several years, Michigan law has allowed owners and long-term lessees of historic structures to receive tax credits for qualified expenditures associated with restoration or rehabilitation pursuant to the Historic Preservation Tax Credit (see page 44). The more recent Historic Neighborhood Tax Increment Finance Authority Act allows cities and townships to coordinate and finance the rehabilitation of historic structures as an economic development purpose under the premise that historic neighborhoods create and maintain economic vitality by promoting residential growth.

## INDUSTRIAL DEVELOPMENT REVENUE BONDS

### Enabling Act, *Major Amendments*; Statutory Citation

1963 PA 62, 1972 PA 75; M.C.L. 125.1251 et seq.

### Summary Program Description

A public-private partnership program that allows local units of government to acquire or purchase industrial real property, equipment, machinery, and associated property with municipal bonds secured by the revenue-producing potential of the industrial site. Local units may also use Industrial Development Revenue Bonds for the acquisition and construction of water and air pollution control equipment and solid waste disposal facilities.

### Eligibility and Benefits

A county, city, incorporated village, township or port district may borrow money and issue revenue bonds to defray the costs of industrial property, including machinery and equipment. The municipality must apply to the Michigan Strategic Fund Board for permission to issue bonds. If the application is approved, the Michigan Strategic Fund Board will adopt a resolution to authorize the issuance of bonds. The resolution will include covenants to register the terms and conditions of the bonds. Principal and interest on bonds are payable from the net revenues derived from the industrial site, from proceeds of the sale of bonds issued to refund outstanding bonds, and from the investment earnings of the proceeds. Bonds may be payable semiannually or annually with a first maturity date of not more than 5 years after date of issuance.

Industrial Development Revenue Bonds benefit the issuing local unit of government and the private or quasi-private business interest on whose behalf the bonds are issued by offering a lower-cost finance option for land acquisition, brick and mortar construction, and equipment. Such bonds are issued for economic development as a public purpose, making them tax-exempt, and therefore lower interest rate options.

### Terms and Performance Guarantees

Bond size is limited to \$10 million if the benefiting company's total capital expenditures in the 3 years preceding and the 3 years succeeding bond issuance does not exceed \$10 million. Bond size is limited to \$1 million for projects free of capital expenditure restrictions. There is no maximum limit on the bond amount if the proceeds are to finance cogeneration projects, solid waste disposal projects, or non-profit corporations.

Lessees of personal or real property under the Industrial Development Revenue Bond program are subject to property taxes in the same manner as if such lessees were owners of the property, except that taxes shall not become a lien against the property. When due, taxes constitute a debt due from the lessee to the local unit of government and are recoverable by direct action of assumpsit, which is to recover damages for the breach of contract, whether oral or written.

### Changes since Program Inception

1972 PA 75 amended the Industrial Development Revenue Bond Act to allow for pollution control projects to be financed.

2002 PA 297 amended the Act to clarify that bonds and notes issued under the Act are subject to the Agency Financing Reporting Act and not the Revised Municipal Finance Act of 2001 or the Revenue Bond Act.

### Discussion

The Industrial Development Bond program offers a relatively low-cost method of financing for industrial projects that would not otherwise receive favorable financing terms in private markets.

# Survey of Economic Development Programs in Michigan

## LOCAL DEVELOPMENT FINANCE AUTHORITY

### Enabling Act, Major Amendments; Statutory Citation

1986 PA 281, 2000 PA 248; M.C.L. 125.2151 et seq.

### Summary Program Description

Local governments use Local Development Finance Authorities (LDFAs) to target development by industry type. Until 2000, LDFAs were essentially tax increment finance districts for manufacturing, agricultural, or high technology businesses (though high-tech businesses no longer qualified after 1992). Recent expansions of the LDFA Act included high-tech processes as a targeted industry type eligible for tax increment financing and LDFA benefits. The recent expansions also allowed for expanded tax capture for LDFA districts, and for the creation of a limited number of state-subsidized Certified Technology Parks, also known as “SmartZones,” conceptually defined as public-private high-technology nodes.

### Eligibility and Benefits

LDFAs may be established in cities, villages, or urban townships. An “urban township” is one that meets *one* of the following requirements:

1. Has a population of 20,000 or more, or has a population of 10,000 or more but is located in a county with a population of 400,000 or more; adopted a master zoning plan before February 1, 1987; and provides sewer, water, and other public services to all or a part of the township.
2. Has a population of less than 20,000; is located in a county with a population of 250,000 or more but less than 400,000, and that county is located in a metropolitan statistical area; has within its boundaries a parcel of property under common ownership that is 800 acres or larger and is capable of being served by a railroad, and located within 3 miles of a limited access highway; and establishes an authority before December 31, 1998.
3. Has a population of less than 20,000; has a state equalized value for all real and personal property located in the township of more than \$200,000,000; adopted a master zoning plan before February 1, 1987; is a charter township under the charter township act, 1947 PA 359, MCL 42.1 to 42.34; has within its boundaries a combination of parcels under common ownership that is 800 acres or larger, is immediately adjacent to a limited access highway, is capable of being served by a railroad, and is immediately adjacent to an existing sewer line; and establishes an authority before March 1, 1999.
4. Has a population of 13,000 or more; is located in a county with a population of 150,000 or more and adopted a master zoning plan before February 1, 1987.
5. Is located in a county with a population of 1,000,000 or more; has a written agreement with an adjoining township to develop one or more public facilities on contiguous property located in both townships; and has a master plan in effect.

Eligibility is limited to properties on which the following business activities occur:

- Manufacturing or processing of goods or materials by physical or chemical change,
- Agricultural processing,
- High-technology activities (as defined by the Michigan Economic Growth Authority Act of 1995, see *Appendix G*),
- Energy production primarily by biomass or wood waste (for tax increment finance plans adopted between January 1 and May 1, 1991; additional restrictions apply.), or
- Business incubators (Certified Technology Parks only).

# CRC Report

Local Development Finance Authorities may adopt tax increment finance plans that allow for the capture and retention of all property tax revenue increments beyond an established base year. LDFAs allow for increased tax capture, which may include up to 50 percent of the K-12 and Intermediate School District revenues, subject to the approval of the State Treasurer. Debt levies are not subject to capture. (For a more thorough description of tax increment financing, see page 80.) Certified Technology Parks, enabled by the LDFA Act, are joint municipal tax increment finance districts, the first instance Michigan law allowed for multi-jurisdictional tax finance districts.

## Changes since Program Inception

The Act has been amended twice to expand the definition of “urban township” (2003 PA 20, 2004 PA 17).

The Local Development Finance Authority Act was amended in 2000 to include “Certified Technology Parks,” as defined by the Act. LDFA amendments also allow for multi-jurisdiction authorities.

## Data and Source

Through 2005, the following municipalities in Michigan had Local Development Finance Authorities:

Adrian	Alma	Augusta Twp.	Battle Creek
Bay City	Belding	Big Rapids	Blackman Twp.
Boyer City	Brighton	Byron Twp.	Cadillac
Cedar Springs	Charlotte	Clare	Coldwater
Comstock Twp.	Davison	Decatur	Detroit
Dexter	Dowagiac	Dundee	Eaton Rapids
Ecorse	Emmet	Ewart	Farwell
Fenton	Fowlerville	Fremont	Gaines Twp.
Garden City	Grand Blanc Twp.	Grand Ledge	Grand Rapids
Greenville	Harbor Beach	Hastings	Hazel Park
Hillman	Homer	Houghton	Howell
Hudson	Hudsonville	Huron Twp.	Imlay City
Ionia	Jackson	Jonesville	Kalamazoo
Lapeer	Lawrence	Leslie	Manistee
Marine City	Marlette	Marquette	Marshall
Marysville	Mason	Mattawan	Middleville
Millington	Monroe	Mt. Pleasant	Mundy Twp.
Muskegon	Negaunee	Niles	Owosso
Parma	Port Huron	Portage	Quincy
Rochester Hills	Saginaw	St. Charles	St. Clair
St. Johns	Saline	Sandusky	South Haven
Southfield	Surrey Twp.	Tecumseh	Three Rivers
Van Buren Twp.	Vicksburg	Westland	White Cloud
Whitehall	Wixom	Wyoming	Yale
Ypsilanti	Zeeland		

# Survey of Economic Development Programs in Michigan

## SMARTZONES

Public Act 248 was passed in June 2000 to foster public/private technology transfer ventures. This Act expanded the Local Development Finance Authority (LDFA) Act to allow the creation of up to 10 "Certified Technology Parks," also known as "SmartZones." In 2002, the Act was amended to allow Michigan Economic Development Corporation (MEDC) to designate an additional 5 zones. SmartZones are conceptually defined as high-tech development enclaves that are eligible for expanded tax increment financing and specialized state funding. SmartZones are intended to create critical masses of high-technology innovation, by fostering public-private partnerships in high-tech fields. SmartZones are required to be a partnership between at least one local unit of government and a public university (not limited to one university), requiring representatives from all such concerns on the authority. SmartZones may also receive funding from an LDFA established by 2 or more local units of government.

Certified Technology Parks and their partners:

***Ann Arbor/Ypsilanti SmartZone:*** City of Ann Arbor, City of Ypsilanti, Ann Arbor SPARK, University of Michigan, Eastern Michigan University

***Automation Alley SmartZone & Technology Center:*** Lawrence Technological University, Oakland University, Oakland County, the City of Rochester Hills, City of Southfield, City of Troy, Automation Alley Technology Center

***Battle Creek Aviation and E-learning SmartZone:*** Western Michigan University's College of Aviation, Kellogg Community College's Regional Manufacturing Technology Center, Battle Creek Unlimited, City of Battle Creek

***Woodward Technology Corridor SmartZone & TechTown:*** City of Detroit, Wayne State University, General Motors, Henry Ford Health System

***Grand Rapids SmartZone: The West Michigan Science & Technology Initiative:*** The Right Place, Inc., Van Andel Research Institute, Grand Valley State University, City of Grand Rapids, Grand Rapids Community College, Spectrum Health, Saint Mary's Health Care, Mary Free Bed Rehabilitation Hospital, Grand Angels

***Michigan Tech EnterPrise SmartZone:*** Michigan Technological University, Cities of Houghton, City of Hancock, Keweenaw Economic Development Alliance

***Kalamazoo SmartZone & Southwest Michigan Innovation Center:*** City of Kalamazoo, Western Michigan University, Southwest Michigan First

***Lansing Regional SmartZone:*** City of Lansing, City of East Lansing, Ingham County, Lansing Regional Chamber of Commerce, MBI International, Michigan State University, Michigan State University Foundation, University Corporate Research Park

***Mt. Pleasant SmartZone & The Center for Applied Research & Technology:*** Central Michigan University (CMU), CMU Research Corporation, Middle Michigan Development Corporation, City of Mount Pleasant, Michigan Molecular Institute, Michigan Small Business & Technology Center, Midland Tomorrow, Mid-Michigan Innovation Center, Saginaw Future, Saginaw Valley State University

***Muskegon Lakeshore SmartZone: Edison Landing & Michigan Renewable & Alternative Energy Center:*** City of Muskegon, Muskegon County, Grand Valley State University

***Pinnacle Aeropark SmartZone:*** City of Romulus, Huron Township, Wayne County, unspecified businesses and universities in Wayne County

Source: MEDC

## PRINCIPAL SHOPPING DISTRICTS, BUSINESS IMPROVEMENT DISTRICTS, AND BUSINESS IMPROVEMENT ZONES

### Enabling Act, *Major Amendments*; Statutory Citation

1961 PA 120, 1999 PA 49, 2001 PA 260, 2003 PA 209, M.C.L. 125.981 et seq.

### Summary Program Description

Business Improvement Districts (BIDs) and Business Improvement Zones (BIZs) are expansions of the Principal Shopping Districts Act of 1961. BIDs and Principal Shopping Districts (PSDs) allow downtown and commercial areas of cities, villages, urban townships, or multiple units of these governments in the case of BIDs, to levy special assessments in addition to ad valorem property taxes for district improvement. Tax revenues may also be bonded against to finance district improvements. BIZs are effectively short-term BIDs, which are petitioned for and adopted by property owners in cities and villages only.

### Eligibility and Benefits

Cities, villages, and urban townships may create a PSD if the municipality has a commercial area containing a minimum of 10 retail businesses and a master plan that includes an urban design plan that designates a PSD or the development of a PSD. Multi-jurisdictional PSDs are not authorized.

Cities, villages, or urban townships (or groups of qualified municipalities with contiguous district boundaries) may establish one or more BIDs by resolution. For the purposes of this Act, an “urban township” is a township that meets the Local Development Financing Act (page 83) definition of urban township and that is located in a county with a population greater than 750,000 (Macomb, Oakland, Wayne). A BID must include a portion(s) of the municipality that is predominantly commercial or industrial in use.

The primary benefit of Business Improvement Districts and Principal Shopping Districts is special assessment authorization to finance necessary improvements and maintenance of business districts.

PSDs and BIDs may do all of the following (see statute for a complete listing):

1. Open, widen, extend or realign highways and construct, maintain, or relocate pedestrian walkways. Also, BIDs may prohibit vehicular traffic where necessary and prohibit parking on highways.
2. Acquire, own, improve or demolish properties, off-street parking lots, and parking structures.
3. Construct and maintain malls with bus stops and information centers that serve the public interest.
4. Promote economic activity in the district, specifically by initiating market research, public relations campaigns, institutional promotions and sponsorship of special events and related activities.
5. Provide or contract with public or private entities for the administration, maintenance, operation, security or provision of services to benefit the district.
6. Acquire, maintain and operate real or personal property.

The primary benefits of Business Improvement Zones (BIZs) include special assessment authorization to finance necessary improvements and maintenance within the zone for a period of 7 years. One or more BIZs may be established by property owners within a city or village, even if that city or village already has a BID or PSD. BIZs may do all of the following (see statute for complete listing):

1. Acquire (through purchase, lease, or gift), construct, improve, or operate park and planting areas; and plant and maintain trees, shrubs and flowers within the zone.



# Survey of Economic Development Programs in Michigan

2. Acquire, construct, clean, improve, or relocate sidewalks, street curbing, street medians, fountains, and lighting within the zone area.
3. Develop and propose lighting standards within the zone area.
4. Provide or contract with public or private entities for security services or purchase security-related equipment or technology.
5. Promote economic activity in the zone by sponsoring cultural or recreational activities; recruiting developers and businesses; promoting and marketing businesses, retail, or industrial development; engaging in public relations and market research.
6. Acquire, maintain and operate real or personal property.

## *PSD, BID, and BIZ Boards:*

PSD boards are appointed by the chief executive officer of the municipality with concurrence by the municipality's governing body and must include:

- 1 representative from an adjacent residential neighborhood
- 1 representative from the municipality
- A majority of board members must be nominees of individual businesses located in the PSD

If the municipality also has a Downtown Development Authority (see page 77), the chief executive officer of the municipality may designate the Downtown Development Authority board as the board of the PSD.

BIDs are governed by a locally determined Board consisting of the following representatives:

- 1 appointee from each local government in the BID as designated by the chief executive officers, subject to the approval of the legislative bodies of the municipalities
- Other board members shall be nominees of the business and property owners in the BID. If a class of business or property owners is projected to pay more than 50 percent of the special assessment levied for district improvement, then a majority of the total board membership shall be nominees of the business/property owners in that class.

BIZs are governed by a locally determined board of directors of an odd number between 5 and 15. The chief executive of the city or village may nominate 1 director for the board with the approval of the municipality's governing body.

## Terms and Performance Guarantees

### *Principal Shopping Districts and Business Improvement Districts*

PSD and BID boards may avail themselves of a host of financing methods for district improvement. Financing methods include, but are not limited to:

- city, village or urban township funds,
- revenue bonds (cannot be used to pay for operational expenses),
- general obligation bonds (cannot be used to pay for operational expenses),
- special assessments, and
- grants or gifts.

Assessable property within a PSD/BID means real property that is not classified as residential and is not tax-exempt government-owned property. In addition, PSD/BID-assessable property does not include one or more classes of property owners whose property either is exempt from property taxes or has been determined not to benefit from a project for which special assessments were to be levied.

## *Principal Shopping Districts*

PSDs are initiated through a municipality's master planning process. A municipality with a master plan that includes an urban design plan designating a PSD is sufficient. For PSDs created after July 14, 1992, special assessments may not exceed \$10,000 per eligible property. The \$10,000 maximum is adjusted each year pursuant to the Detroit Consumer Price Index.

## *Business Improvement Districts*

A municipality's governing body may designate one or more BIDs by resolution. The resolution shall determine the geographic boundaries of the BID, the number of board members, and the different classes of property owners, including any who are projected to pay more than 50 percent of the special assessments levied. The BID board must develop a marketing and development plan before the municipality may levy a special assessment to benefit properties located in the BID. The plan must define the scope and duration of the project(s), identify the different classes of property owners who are going to be assessed, and the respective assessment amounts.

## *Business Improvement Zones*

Any legal entity may initiate the creation of a BIZ by submitting to the city or village clerk a petition for a zone plan with the signatures of more than 30 percent of property owners within the proposed zone. If the plan is adopted by the majority of property owners at a subsequent public hearing, then the adopted plan is presented to the legislative body of the city or village for approval. If the zone and zone plan are approved, an election is held in which property owners vote to approve or reject the plan; votes are weighted in proportion to the amount of taxable value owned. Cities and villages that approve BIZs are immune from the civil or administrative liability arising from the actions of the BIZ within their boundaries.

The board of a BIZ may finance project costs with grants, gifts, special assessments, and loans as long as the repayment period does not extend beyond the 7-year operating period of the zone; mature within 90 days of the expiration date of the zone; exceed 50 percent of the annual average assessment revenue of the zone; or if the zone has been operating less than one year, exceed 25 percent of the projected annual assessment revenue.

Assessable property within a BIZ is all real property that is not classified as residential and is not exempt from the collection of taxes under the general property tax act.

## **Changes since Program Inception**

2001 PA 260 added Chapter 2 to the Principal Shopping Districts Act for the creation of Business Improvement Zones and amended the Act to stipulate that special assessments be made against "assessable property" rather than "parcels."

2003 PA 209 amended the Act to expand the eligibility requirements to allow cities, villages and urban townships to establish BIDs and PSDs; previously, only cities were eligible.

## **Discussion**

Successful Business Improvement Districts in other major cities (New York, Philadelphia) led partly to the passage of BIDs and BIZs in Michigan in 1999. However, to date, Michigan municipalities have not established any such districts. PSDs, BIDs, and BIZs offer the opportunity for commercial areas to compete with malls, to make capital improvements, to coordinate marketing activities, and to promote a clean and safe downtown experience.

# Survey of Economic Development Programs in Michigan

## TAXABLE BOND PROGRAM

### Enabling Act; Statutory Citation

1984 PA 270 (Michigan Strategic Fund legislation), M.C.L. 125.2001 et seq.

### Summary Program Description

Taxable bonds, issued by the Michigan Strategic Fund (MSF), offer longer term financing options to small- and medium-sized companies.

### Eligibility and Benefits

Bond applicants need to meet the priority and target objectives of the MSF. Projects including commercial facilities and air and water pollution control facilities (not including solid waste disposal facilities that serve the general public) eligible prior to the 1986 Tax Reform Act are also eligible for this program. Facilities previously eliminated from tax-exempt financing, including industrial facilities exceeding \$10 million, for-profit nursing homes, recreational facilities, automobile sales and service facilities and restaurants are also eligible.

Priorities of the Michigan Strategic Fund include:

- Businesses that would likely leave the state absent economic incentives.
- Revitalization and diversification of the economic base.
- Generation and retention of the greatest number of direct and indirect jobs.

MSF establishes target objectives based on the above priorities.

Taxable bonds offer long-term fixed- or variable-rate financing alternatives for businesses wishing to expand but unable to service debt issued in conventional bond markets. Longer term (10- to 20-year) bonds offered by the program alleviate cash flow problems often present in conventional bond markets. The Taxable Bond Program can provide up to 100 percent of a project's costs including fixed assets, cost of issuance, and working capital. The Internal Revenue Service does not restrict the use of taxable bond revenues. Furthermore, interest accumulated on MSF-issued, federally taxable bonds is exempt from state and local taxes.

### Terms and Performance Guarantees

Consult the MSF of the Michigan Economic Development Corporation for current bond terms and rates. The Taxable Bond Program requires a service fee for applicants according to the following schedule:

- \$500 for projects of \$10 million or less;
- \$1,000 for projects over \$10 million.

Issuance fees are required on or before the close of financing in the following amounts:

- Up to \$10 million - 1/8 of 1 percent
- Over \$10 million - \$12,500 plus 1/16 of 1 percent of the amount over \$10 million
- The minimum issuance fee is \$2,000.
- The maximum fee charged to non-profit corporations is \$40,000.

Taxable bonds are secured by company equity and future revenue.

## TAX INCREMENT FINANCE AUTHORITY

### Enabling Act, *Major Amendments*; Statutory Citation

1980 PA 450, *1986 PA 280*; M.C.L. 125.1801 et seq.

### Summary Program Description

Tax Increment Finance Authority (TIFA) legislation (closed to new applicants since 1987) allowed cities to establish development authorities and use tax increment financing (see page 80) to finance development projects located in the authority. TIF districts allowed for the development of virtually any type of land use, including commercial, residential and industrial, and were essentially an expansion of the Downtown Development Authority Act of 1975.

### Eligibility and Benefits

Formerly open to any city in Michigan. Applicant city had to show evidence of deteriorating property values in the proposed development area. Capture of revenues from taxes levied by overlapping governmental unit on eligible TIFA property allowed an authority to finance public improvements to the district.

“Public facility,” eligible for TIF, included one or more of the following:

- (i) A street, plaza, or pedestrian mall, and any improvements to a street, plaza, boulevard, alley, or pedestrian mall, including street furniture and beautification, park, parking facility, recreation facility, playground, school, library, public institution or administration building, right of way, structure, waterway, bridge, lake, pond, canal, utility line or pipeline, and other similar facilities and necessary easements of these facilities designed and dedicated to use by the public generally or used by a public agency. “Public institution or administration building” included, but were not limited to, a police station, fire station, court building, or other public safety facility.
- (ii) The acquisition and disposal of real and personal property or interests in real and personal property, demolition of structures, site preparation, relocation costs, building rehabilitation, and all associated administrative costs, including, but not limited to, architect’s, engineer’s, legal, and accounting fees as contained in the resolution establishing the district’s development plan.
- (iii) An improvement to a facility used by the public or a public facility as those terms are defined in section 1 of 1966 PA 1, M.C.L. 125.1351, which improvement were made to comply with the barrier free design requirements of the state construction code promulgated under the state construction code act of 1972, 1972 PA 230, M.C.L. 125.1501 to 125.1531.

### Changes since Program Inception

TIFAs were effectively replaced by the more restrictive Local Development Finance Authorities (page 83) in 1986.

# Survey of Economic Development Programs in Michigan

## Data and Source

Through 2005, the following cities still had Tax Increment Finance Authorities:

Albion	Allegan	Auburn	Auburn Hills
Au Gres	Battle Creek	Bay City	Belding
Benton Harbor	Berkley	Buchanan	Cedar Springs
Charlevoix	Corunna	Croswell	Davison
Dearborn Heights	Detroit	East Jordan	East Tawas
Eaton Rapids	Farmington Hills	Ferrysburg	Flat Rock
Flint	Grand Haven	Grand Rapids	Greenville
Grosse Pointe Park	Hamtramck	Hancock	Hart
Highland Park	Hillsdale	Houghton	Howell
Hudsonville	Imlay City	Inkster	Ionia
Iron Mountain	Ironwood	Jackson	Kalamazoo
Keego Harbor	Lansing	Lapeer	Litchfield
Madison Heights	Marine City	Marysville	McBain
Menominee	Milan	Mt. Pleasant	Muskegon
Muskegon Heights	Newaygo	Norton Shores	Petoskey
Plainwell	Pontiac	Port Huron	Portage
Potterville	Reading	Richmond	Rockwood
Romulus	Saginaw	St. Clair Shores	St. Joseph
Saline	Sault Ste. Marie	South Lyon	Southfield
Southgate	Springfield	Taylor	Vassar
Warren	Westland	Whitehall	Williamston
Wyandotte	Ypsilanti	Zilwaukee	

**COMPARISON TABLE OF VARIOUS TAX AND FINANCE AUTHORITIES IN THE STATE OF MICHIGAN**

<u>Attribute</u>	<u>BIDs</u>	<u>PSDs</u>	<u>DDAs</u>	<u>BRAs</u>	<u>LDFAs</u>	<u>CIAs</u>
Tax increment financing?	N	N	Y	Y	Y	Y
Levy millage or special assessments for district improvements?	Y	Y	Y <sup>1</sup>	N	N	Y
Joint application/administration by multiple units of government?	Y <sup>2</sup>	N	Y <sup>3</sup>	N	Y <sup>4</sup>	Y <sup>3</sup>
Set up more than one (non-contiguous) district?	Y	N	Y <sup>5</sup>	n/a <sup>6</sup>	Y	Y
Seeks grants for district improvement?	Y	Y	Y	Y	Y	Y
Amend district boundaries?	Y	Y	Y	n/a <sup>6</sup>	Y	Y
Receive General Funds for the district?	Y	Y	Y	Y	Y	Y
Issue municipally-authorized General Obligation Bonds for the district?	Y	Y	Y	N	N	Y
Issue Revenue Bonds for the district?	Y	Y	Y	Y	Y	Y

<sup>1</sup> Millage rate subject to population

<sup>2</sup> If the portions are contiguous

<sup>3</sup> Governmental units must be adjoined and must enter into an interlocal agreement.

<sup>4</sup> Certified Technology Parks only

<sup>5</sup> If a city has entered into an interlocal agreement with an adjoining qualified township

<sup>6</sup> Not applicable for BRAs established after June 6, 2000. Both are allowed if established before June 6, 2000.

**BIDs** – Business Improvement Districts; **PSDs** – Principal Shopping Districts; **DDAs** – Downtown Development Authorities; **BRAs** – Brownfield Redevelopment Authorities; **LDFAs** – Local Development Finance Authorities; **CIAs** – Corridor Improvement Authorities.

**OTHER LOCAL GOVERNMENT ECONOMIC  
DEVELOPMENT OPTIONS**

*Certification of Abandoned Property for Accelerated Foreclosure*

*Certified Business Parks*

*Conditional Land Transfers*

*Economic Development Corporations*

*Waiver of Personal Property Tax*





## CERTIFICATION OF ABANDONED PROPERTY FOR ACCELERATED FORECLOSURE

### Enabling Act; Statutory Citation

1999 PA 132; M.C.L. 211.961 et seq.

### Summary Program Description

The Certification of Abandoned Property for Accelerated Foreclosure Act allows local units of government to subject abandoned, tax-delinquent real property to a faster foreclosure schedule than the law otherwise allows. Problems associated with tax-delinquent property have hindered redevelopment in Michigan, as discussed in Citizens Research Council of Michigan Report No. 325, *Delinquent Property Taxes as an Impediment to Development in Michigan* (April 1999).

### Eligibility and Benefits

Any local unit of government with abandoned, tax-delinquent property is eligible to use this enabling legislation.

Local units of government seeking to return tax-delinquent, abandoned property to the tax rolls may subject such property to an accelerated tax foreclosure schedule. Stricter standards imposed against delinquent property tax owners may compel more rapid payment of property taxes, under threat of an accelerated loss of the property.

### Terms and Performance Guarantees

Local units of government, in order to effect this act, must determine the quantity of tax-delinquent, abandoned property in its jurisdiction. Abandoned property is defined as that which is vacant or dilapidated, and open to entrance or trespass.

The local unit must make a declaration, by formal resolution, of accelerated forfeiture of tax-delinquent property before October 1 of any tax year. The resolution should state substantively that the local unit of government has determined that parcels of abandoned tax delinquent property exist; that abandoned tax delinquent property contributes to crime, blight, and decay within the local unit of government; that certification of tax delinquent abandoned property will result in the accelerated forfeiture and foreclosure under the general property tax act, and return abandoned property to productive use more rapidly, thereby reducing crime, blight, and decay within the local unit of government. Further, the resolution should state that the local unit of government thereby notifies residents and owners of property within the local unit that abandoned tax delinquent property will be identified and inspected and may be certified as abandoned property under the Certified Abandoned Property for Accelerated Foreclosure Act, and subject to accelerated forfeiture and foreclosure under the General Property Tax Act.

By February 1 succeeding the October 1 declaration, the local unit must inspect all such property to officially determine that it is abandoned. At the time of the inspection, the local unit must post notice on the property that if the taxes levied on the property are returned as delinquent to the county treasurer, that the property will be subject to accelerated forfeiture and foreclosure, and subject to fees as set forth in the General Property Tax Act (M.C.L. 211.59). The local unit must then send a copy of the posted notice to the taxpayer of record by first-class mail.

Owners of property (or those with a legal interest) whose properties are identified as abandoned by the local unit in this manner, may avert the certification by responding by affidavit to the local unit that the property is not abandoned. This must be done before the taxes are returned as delinquent to the local unit.

## Discussion

The Certification of Abandoned Property for Accelerated Foreclosure Act was passed as companion legislation to PA 123 and 134 of 1999, involving major changes to Michigan's real property tax delinquency and reversion processes. A discussion of changes is found in Citizens Research Council of Michigan Memorandum No. 1052, *Changes to the Property Tax Delinquency and Reversion Process in Michigan*. 1999 PA 134 was repealed effective 2004 by the Land Bank Fast Track Act. This Act is described on page 117.

## CERTIFIED BUSINESS PARKS

### Enabling Act, Statutory Citation

Authorization for Certified Business Parks is found in the Local Development Financing Act 1986 PA 281, M.C.L. 125.2151 et seq., as amended by 2000 P.A. 248.

### Program Description

The Certified Business Park Program is administered by the Michigan Economic Developers Association (MEDA) and the Michigan Economic Development Corporation (MEDC) to promote uniformity and a set of minimum standards for industrial parks. Such standards ensure that the parks will suit the needs of businesses considering moving there.

### Eligibility and Benefits

For Business Park Certification, the following land requirements must be in place:

- Property must be zoned for business or industrial use only.
- Land must be selectively graded and cleared.
- Developers/Owners must have a site plan or plat approved by the local governing unit.
- The site must have reliable utilities available for immediate tap-in.
- The site must have all weather road access to the park and interior sites.

Business Park Certification serves as a marketing tool. Prospective tenants have confidence that Certified Business Parks meet a minimum set of standards necessary to conduct business. In addition, Certified Business Parks may use tax increment financing (see page 80 for a description) to acquire land for the development of eligible property. If property in a Certified Business Park purchased with tax increment revenues is sold, the proceeds of the sale may be retained to further the development plan.

### Terms and Performance Guarantees

The new certification fee is \$500. The recertification fee is \$250. Certified Business Parks are reviewed every three years to ensure that all requirements continue to be met.

Business Park Certification requires maintenance of the following features via protective covenants or zoning ordinance restrictions (courtesy of the MEDA, [www.medaweb.org](http://www.medaweb.org)):

1. **Compatible Uses** - It is the sole intent of the Certified Business Park program to provide ready-to-use sites for eligible businesses and industry (per the current LDFA act). For this reason, the park's principal use is set aside for industrial business and high-tech purposes. The area of the park must be specified at the time of certification. This covenant allows the developer to exclude certain types of industries from locating in the Certified Business Park.
2. **Types of Building Materials** - All buildings must be constructed in accordance with all applicable laws, statues, ordinances, codes, rules and regulations of all governmental agencies having jurisdiction thereof and in a manner so as to have the ability to withstand the normal causes of deterioration with normal maintenance procedures. Previously used materials may not be incorporated within any building without the prior written consent of the developer. No structure, carport, garage, barn or other outbuilding of a temporary nature may be situated, erected or maintained on the property or any lot. With the intent to have an aesthetically pleasing building, the buildings must be finished in materials such as decorative, fluted or finished brick, block, wood, vinyl, glass or decorative metal on sides that face an exterior or internal road. In most instances, the developer retains the right to review all site materials planned to be used to ensure that all other covenants will be adhered to.

3. **Landscaping** - There must be a general landscaping and continuous maintenance provision (plan) in the protective covenants to qualify for certification. All lots must be seeded or sodded and shrubs and trees must be planted to maintain a park-like atmosphere. Areas that are sold or set aside for future expansion must also be maintained as lawn area within 25 feet of streets, roadways and curbs. Areas that are disturbed (such as through excavation, grading, etc.) must be restored to the above standards within 6 months. Landscaping must be installed within one year of the Certificate of Occupancy. All developments must meet state and local groundwater and watershed standards.
4. **Improved Parking** - At a minimum, all parking areas, driveways, truck turnaround areas and truck loading/unloading areas must be paved with concrete, asphalt or other hard surface material. Parking must be well maintained.
5. **Screened Outdoor Storage** - All activities of a business must be carried on within the confines of the building. In those instances when outside storage is a necessity, an opaque fence or wall (that is architecturally compatible to the building's finished materials), or landscaping must shield all items outdoors, so as to effectively screen the view of such storage area from public streets and adjoining properties.
6. **Location of Loading Docks** - Loading and unloading areas must be designed to permit the pickup and delivery of materials without impeding the public right of way. Design of the truck wells of the loading area may not encroach upon the required front yard setback line. Truck or rail docks should be located at the side yard or rear yard of the building. Certified Industrial Park properties approved before 2000 may be permitted to maintain front yard truck wells or loading areas where they are required due to design and space limitations.
7. **Continuous Management** - Protective Covenants must state who is responsible for the constant maintenance of the park's covenants and restrictions, i.e.: owner/developer, municipality or major property owners. In all cases, the management entity of the park has the authority to enforce the covenants and restrictions on all tenants and future tenants of the park. Management must also maintain non-development and non-developable areas located within the park.
8. **Setback Specifications** - Setbacks must be specified and no activities should take place within the setback areas, except sidewalks may be placed in the front setback.
9. **Signage** - Signs identifying the person, firm, company or corporation are permitted. Signs must be permanent, may be of a freestanding nature, or attached to the building, but signs cannot exceed the height of the building. Outdoor advertising, billboards, neon or flashing lights are not permitted. Sign materials should be compatible with the appearance of the building's finished materials.

## Data and Source

Current Certified Business Parks in Michigan:

<u>County</u>	<u>Park Name - Original Certification, Next Certification - Phone Number</u>
Allegan	<i>Allegan Highlands Industrial Park</i> -1989, 2008 - (616) 673-5511
Bay	<i>Valley Center Technology Park</i> – 1986, 2007- (989) 684-5088
Branch	<i>Quincy Industrial Park</i> – 2003, 2006 – (517) 639-9065
Calhoun	<i>Albion Industrial Park</i> – 1968, 2008 - (517) 629-3926 <i>Brooks Industrial &amp; Research Park</i> – 1979, 2007 - (616) 781-5183 <i>Fort Custer Industrial Park</i> – 1972, 2007 - (616)962-7526
Cass	<i>Dowagiac Industrial Park</i> – 1993, 2008 - (269) 782-2195
Charlevoix	<i>Boyne City Air Industrial Park</i> – 1986, 2006 - (231) 582-6597
Clare	<i>Farwell Enterprise Park</i> – 2002, 2008 – (989) 772-2859
Clinton	<i>St. Johns Industrial Park</i> – 1998, 2007 – (989) 224-8944 ext.22
Eaton	<i>Grand Ledge Willis Industrial Park</i> – 2006, 2009 – (517) 622-5256

# Survey of Economic Development Programs in Michigan

Gratiot	<i>Samuel A. Combs Industrial Park</i> – 1999, 2009 - (517) 543-8853
	<i>Alma Industrial Park</i> - 1976, 2009 - (989) 875-2083
	<i>Ithaca Industrial Park</i> – 1976, 2009 - (989) 875-2083
	<i>St. Louis Woodside Industrial Centre</i> – 2009 - (989) 875-2083
	<i>South Ithaca Industrial Park</i> – 1998, 2009 – (989) 875-2083
Hillsdale	<i>Litchfield Industrial Park</i> – 1989, 2008- (517) 542-2921
Ingham	<i>Leslie Business Park</i> – 2005, 2008 - (517) 589-8236
	<i>Williamston I-96 Industrial Park</i> – 1999, 2009 - (517) 655-2774
Jackson	<i>Blackman Twp. Certified Industrial Park</i> – 1998, 2008 -(517) 788-4455
	<i>Village of Parma LDFA Certified Business Park</i> – 2000, 2007 – (517) 788-4455 ext. 213
Kalamazoo	<i>Midlink Business Park</i> – 2005, 2008 – (269) 384-1100
Lapeer	<i>Almont Research &amp; Industrial Park</i> – 2003, 2006 – (810) 798-3462
Livingston	<i>Trans West Industrial Park</i> – 1990, 2009 - (734) 453-2000
Mason	<i>Pere Marquette Industrial Park</i> – 1994, 2009 - (231) 845-1277
Midland	<i>Coleman Industrial Park</i> – 2005, 2008 – (989) 839-0340
	<i>Eastwick Industrial Park</i> – 1998, 2008 - (989) 839-0340
Monroe	<i>Bedford Industrial Park</i> – 1983, 2008 – (734) 847-6791
	<i>Frenchtown Charter Township Industrial Park</i> – 1994, 2007 - (734) 242-5904
	<i>Milan Industrial Park</i> – 2002, 2008 – (734) 439-1501
Montcalm	<i>Greenville Industrial Park</i> – 1982, 2006 - (616) 754-5645
Muskegon	<i>Port City Industrial Center</i> – 1970, 2007 - (231) 724-6702
	<i>Seaway Industrial Park</i> – 2005, 2008 – (231) 724-6702
	<i>Whitehall Industrial Park</i> – 1998, 2007 - (231) 894-4048
Newaygo	<i>White Cloud Industrial Park</i> – 2006, 2009 – (231) 689-1194
Oakland	<i>Beck North Corporate Park</i> – 2005, 2008 – (248) 380-7100
	<i>Centerpoint Business Campus</i> – 2004, 2007 – (248) 335-7755
	<i>Haggerty Corridor Corporate Park</i> – 2005, 2009 – (248) 848-6400
	<i>Metro North Technology Park</i> – 1989, 2008 - (734) 453-2000
	<i>Plumbrook Technology Park</i> – 2006, 2009 – (248) 528-2700
	<i>Wixom Business Center</i> – 2005, 2008 – (517) 244-2642
	<i>Hart Industrial Park</i> – 1994, 2008 - (231) 873-2488
Oceana	<i>City of Evert Air Industrial Park</i> – 2004, 2007 – (231) 734-6119
Osceola	<i>Jamestown Commerce Center</i> - 2002-2008 – (616) 878-1685
Ottawa	<i>Bridgeview Manufacturing Services Center</i> – 1994, 2007 - (989) 755-0931
Saginaw	<i>St. Clair County Air Industrial Park</i> – 1987, 2007 – (810) 364-6890
St. Clair	<i>Centreville Industrial Park</i> – 1995, 2009 - (269) 467-4855
St. Joseph	<i>Three Rivers Area Enterprise Park</i> – 1993, 2008 - (269) 278-8193
	<i>Lawrence-Crandall Business Centre</i> – 2008 - (269) 674-8161
Van Buren	<i>Dexter Business &amp; Research Park</i> – 1989, 2008 – (734) 426-8303
Washtenaw	<i>Domino's Farms</i> – 2003, 2006 – (734) 930-3150
	<i>Donald E. Shelton Industrial Park</i> – 1987, 2006 - (734) 429-4907 ext. 201
	<i>Edward F. Redie Industrial Park</i> – 1983, 2009 – (734) 429-4907 ext. 201
	<i>Sauk Trail Business Park</i> – 1999, 2006 – (734) 429-4907 ext. 201
	<i>State Street Executive Park</i> – 2004, 2007 – (734) 663-4189
	<i>Washtenaw Business Park</i> – 1989, 2007 – (734) 354-6100
	<i>Metro Plymouth Business Park</i> – 2002, 2008 – (734) 453-2000
Wayne	<i>Metro West Beck Road Industrial Park</i> – 1990, 2008 - (734) 453-2000
	<i>Metro West Industrial Park</i> – 1982, 2007 - (734) 453-2000
	<i>Metro West Technology Park</i> – 1988, 2007 – (734) 354-6100
	<i>Michigan Avenue Industrial Park</i> – 2004, 2007 - (734) 354-6100
	<i>Plymouth Oaks Business Park</i> – 1990, 2007 - (734) 354-6100
Wexford	<i>James E. Potvin Industrial Park</i> – 2003, 2007 – (231) 775-0181

Source: MEDC

## CONDITIONAL LAND TRANSFERS

### Enabling Act, Major Amendments, Statutory Citation

1984 PA 425, 1990 PA 22; M.C.L. 124.21 et seq.

### Summary Program Description

The Conditional Land Transfer Act of 1984 allows municipalities to share, by contractual agreement, property tax revenues generated by a conditional land transfer for the purpose of economic development. The Act defines economic development as “land and existing or planned improvements suitable for use by an industrial or commercial enterprise, or housing development, or the protection of the environment, including, but not limited to, groundwater or surface water.”

### Eligibility and Benefits

Open to any city, village or township in Michigan. The program allows 2 or more local units of government to jointly benefit from an economic development project that otherwise might not have been built. PA 425 agreements have been cast as a preferable alternative to annexation proceedings, which typically are politically charged and have a winner-take-all outcome.

### Terms and Performance Guarantees

Intergovernmental agreements under this Act may last up to 50 years and may be renewed. At the close of the predetermined agreement period, the agreement must provide for the return of the transferred parcel to one unit of government. Unless the agreement specifies otherwise, the property is under the jurisdiction of the transferee local unit.

The following are required terms and conditions for local units when executing PA 425 agreements:

**Purpose and Consideration:** Factors taken into consideration by a city and village before entering into the PA 425 agreement are spelled out in the statute, but they also must be spelled out in the agreement.

**Duration:** The length of term of the agreement must be spelled out. The agreement can be up to 50 years with an extension mutually agreed upon of up to another 50 years.

**Description of Property:** Legal description of property to be transferred.

**Tax Sharing Formula:** The amount of taxes and other revenue the local units will share, and adjustment amounts, if any.

**Schedule and Method of Distribution:** The date the collecting local unit is required to remit the shared revenue and method of payment.

**Method of Enforcement:** How each participating party may enforce the agreement up to and including the return of the transferred area to the intended transferee, liquidated damages, etc.

**Jurisdiction:** Unless the contract specifies otherwise, property which is conditionally transferred by a PA 425 agreement is under the total jurisdiction of the transferee local unit, including any applicable resident and non-resident income tax.

**Rescission and Termination:** The contract must provide specific terms for the manner for rescinding or terminating the agreement prior to its otherwise intended expiration date.

Source: A presentation given by William B. Beach of Miller Canfield, Paddock and Stone to the Annexation program of the Michigan Municipal League in 1998.

# Survey of Economic Development Programs in Michigan

---

## Changes since Program Inception

In 1990, PA 425 of 1984 was amended to include housing development in the definition of economic development projects. A provision was also added which calls for the clerk of the local unit receiving the transfer to file a duplicate original of the contract with the county clerk of the county in which the greater part of the local unit is located and with the Secretary of State as prima facie evidence of the conditional transfer.

## Data and Source

See Greg Taylor, Lynn Harvey and William Shields, "Conditional Land Transfers Act: Research, Reflections, and Policy Recommendations." Michigan State University Agricultural Economics, December 2005 ([web1.msue.msu.edu/slg/materials/PA\\_425\\_2005FINAL.pdf](http://web1.msue.msu.edu/slg/materials/PA_425_2005FINAL.pdf)) for a list of PA 425 Agreements, current through July 1, 2005.

## Discussion

PA 425 agreements are commonly used when a business entity seeks to expand operations but cannot be accommodated for lack of real estate or adequate utility infrastructure. The host local unit, not wishing to lose the tax base, will often seek a PA 425 agreement with a neighboring local unit. This allows the business to build adequate facilities in the neighboring local unit (though the PA 425 agreement does not mandate that the local units be contiguous) while each local unit is accorded a stipulated portion of property tax revenue from the new business expansion.

The danger with PA 425 land transfers is that over time, each participating governmental unit will lose sight of the conditional aspects of the deal. PA 425 land transfers are an economic development tool, but business operations change over time, often in much less than the 50-100 years contemplated by the Act.

## ECONOMIC DEVELOPMENT CORPORATIONS ACT

### Enabling Act, Statutory Citation

1974 PA 338; M.C.L. 125.1601 et seq.

### Summary Program Description

This Act was based on legislative findings that public sector assistance may be necessary in the land acquisition process to assist private sector interests with industrial economic development efforts. PA 338 allows local units of government to establish development corporations to assist private developers with commercial and industrial development projects.

The Act extends tax-exempt status to all municipally-owned property acquired under it. While the General Property Tax Act extends tax-exempt status to such property held for a "public purpose," tax-exempt status does not typically extend to property not expressly held as such.

### Eligibility and Benefits

All municipalities in Michigan are eligible to set up an economic development corporation.

In addition to extending tax-exempt status to properties acquired by Economic Development Corporations, EDCs may also issue tax-exempt bonds for development projects, allowing a lower interest rate to finance development.

### Changes since Program Inception

2002 PA 357 amended the Act to allow a city with a population greater than 750,000 (the Detroit EDC) to create a subsidiary "Neighborhood Development Corporation" to carry out housing or neighborhood improvement enterprises.

### Discussion

The Economic Development Corporations Act confers many of the powers of the Urban Redevelopment Corporations Law of 1941 (1941 PA 250; M.C.L. 125.901 et seq.) to an economic development corporation established by a local unit.

The Urban Redevelopment Corporations Law enabled 1 or more individuals, corporations or partnerships to incorporate Redevelopment Corporations to clear, re-plan, rehabilitate, modernize, beautify, and reconstruct substandard and unsanitary areas in cities and townships (township development areas are limited to property used for state offices or facilities, hospitals, prisons, or institutions of higher education) to serve a public purpose. Property held by Redevelopment Corporations is exempt from increases in assessed valuation for up to 40 years, but improvements made to the property are not. A city may acquire property by condemnation on behalf of the Redevelopment Corporation.



# Survey of Economic Development Programs in Michigan

## WAIVER OF PERSONAL PROPERTY TAX

### Enabling Act, *Major Amendments*, Statutory Citation

1998 PA 328, 2000 P.A. 415; M.C.L. 211.9f

### Program Description

Qualifying local units of government may waive personal property taxes for new equipment purchased or leased by eligible businesses, subject to approval from the State Tax Commission. Local units qualify by having various tax-abatement or financing districts and either by meeting standards of economic distress or by containing eligible businesses that maintain jobs and capital investment.

### Eligibility and Benefits

Qualified local units of government—cities, villages and townships with “eligible distressed areas”—that eliminate personal property taxes offer a competitive advantage in business attraction, namely, a built-in tax abatement on new personal property. Only new personal property leased or owned by an “eligible business” located within an “eligible district” is exempt.

For the purposes of the Act, “*eligible distressed areas*” are one of the following:

- The term “eligible distressed area” as defined by the Michigan State Housing Development Authority Act (see *Appendix H* for a list and definition), or
- an area that contains an “*eligible business*” that “maintains 150 retained jobs at a facility, maintains 1,000 or more full-time jobs in this state, and makes new capital investment in this state” as described by the Michigan Economic Growth Authority Act, M.C.L. 207.808 subsection (5)(b)(ii).

An “*Eligible business*” is a business primarily engaged in manufacturing, mining, research and development, wholesale trade or office operations.

Qualified local units of government may enact PA 328 agreements only within one or more of the following “*eligible districts*.”

1. Industrial Facilities Property Tax Authorities
2. Renaissance Zones
3. Enterprise Zones
4. Brownfield Redevelopment Authorities
5. Federal Empowerment Zones, Enterprise Communities, and Empowerment Zones which become Renewal Communities
6. Tax Increment Finance Authorities
7. Local Development Finance Authorities
8. Downtown Development Authorities

### Changes since Program Inception

Due to contradictions within the General Property Tax Act concerning the tax status of leased buildings, 2000 PA 415 amended the Act to clarify that buildings and improvements located on leased real property would be taxed as real property if their values were not already included in the assessment. The amendment further clarified that leased property will have the same classification as the parcel on which it is located.

### Data and Source

Since program inception through 2005, 80 personal property tax waiver projects in 24 counties have been approved.

Source: State Tax Commission

### Discussion

PA 328 provides distressed areas with an alternative to the Industrial Facilities Tax Abatement (discussed on page 51) for new personal property for manufacturing and research and development business concerns.



## JOB AND EMPLOYMENT TRAINING

*Economic Development Job Training Program*  
*Michigan Works!*  
*School-to-Registered Apprenticeship Tax Credit*



# Survey of Economic Development Programs in Michigan

## ECONOMIC DEVELOPMENT JOBS TRAINING PROGRAM

### Enabling Act, Major Amendments; Statutory Citation

1984 PA 270 (Michigan Strategic Fund Act), 2003 PA 169, MCL 125.2001 et seq.

### Summary Program Description

Grant program augmented by a 20 percent single-employer match for Business Response Program (BRP) grants and a 30 percent employer match for multiple company grants under the Manufacturing Competitiveness Program (MCP) that permits employers to develop and implement customized job training for job creation and improved job skills for existing workers. No match is required for new hires.

### Eligibility and Benefits

BRP projects must maintain or attract permanent jobs for Michigan residents. Priority is given to employers who demonstrate the need for high-skilled training, create/retain high-skill high-wage jobs, and participate in competitive edge technologies (i.e. life sciences; advanced automotive, manufacturing, and materials; homeland security and defense; alternative energy).

MCP awards are given to multiple companies that represent a vulnerable or high potential segment of the manufacturing sector. Priority is given to projects that can demonstrate collaboration and cooperation, training for new techniques that are of value to affected companies, and a need to upgrade employee skills.

Businesses and training providers, such as community colleges or other eligible applicants, work closely with Michigan Economic Development Corporation (MEDC) account managers and workforce training specialists to develop effective training strategies.

### Changes since Program Inception

2003 PA 169 expanded the program to include the Manufacturing Competitiveness Program.

### Data and Source

According to the Michigan Department of Management and Budget, the Fiscal Year 2007 appropriation for this program continues \$9,798,000 in general fund support for job training grants to Michigan employers. These competitively awarded funds enable Michigan businesses to provide additional training to employees, allowing Michigan businesses to retain employees and improve the state's competitive standing. Approximately \$6 million is available for single employer grants and approximately \$2 million is available for the MPC.

EDJT Award Amounts and Number of Trainees:

<u>Fiscal Year</u>	<u>Appropriation</u>	<u>Award Amount</u>	<u>Employer Match</u>	<u>Existing Employees</u>	<u>New Hires</u>	<u>Total Trainees</u>	<u># of Grant Awards</u>	<u># of Employers</u>
2004	\$10,048,000	\$9,679,067	\$4,578,707	15,531	1,722	17,253	50	241
2005*	\$9,798,000	\$9,273,000	\$3,758,084	17,900	2,857	20,757	59	217
2006	\$9,798,000	\$9,252,426	\$3,203,652	15,557	3,693	19,250	74	181
2007**	\$9,798,000	\$293,491	\$62,560	280	149	429	3	3

\*FY 2005 original budget was \$10,048,000 before budget cuts.

\*\*FY 2007 reflects the figures through mid-January 2007 only.

Courtesy of MEDC

# CRC Report

Since 1994, the EDJT program has awarded over \$323 million in grants, which were matched with over \$11 million by employers and resulted in 76,346 new hires and 580,626 total trainees.

Source: Michigan Economic Development Corporation

According to the MEDC, the following job training institutions were recent partners in Economic Development Job Training Grants:

Alpena Community College	Muskegon Community College
Baker College Corporate Services	Muskegon/Oceana Consortium-
Bay de Noc Community College	Department of Employment and Training
Delta College	Newaygo County Intermediate School District
Downriver Community Conference	North Central Michigan College
Ferris State University	Northern Michigan University
Glen Oaks Community College	Northwest Ottawa Chamber Foundation
Gogebic Community College	Northwestern Michigan College
Grand Rapids Community College	Oakland Community College
Henry Ford Community College	Oakland University
Kalamazoo Valley Community College	Orchard View School District
Kirtland Community College	Ottawa County Michigan Works!
Lake Michigan College	Saginaw Valley State University
Lake Superior State University	Schoolcraft College
Lansing Community College	South Central Michigan Works!
Lenawee Chamber Foundation	Southwestern Michigan College
Livingston County Michigan Works!	St. Clair County Community College
Macomb Community College	Tuscola Intermediate School District
Michigan Manufacturing Technology Center	Washtenaw Community College
Mid-Michigan Community College	Wayne County Community College
Monroe County Community College	Wayne State University
Montcalm Community College	West Shore Community College
Mott Community College	Wexford-Missaukee Intermediate School District

# Survey of Economic Development Programs in Michigan

## MICHIGAN WORKS!

### Summary Program Description

Michigan Works! is a statewide network of regional offices that provide employment training, education and information on job openings to employees and a pool of local workers for employers.

#### *The Association of Michigan Works! Agencies*

2500 Kerry Street, Suite 210

Lansing, MI 48912

(517) 371-1100

[www.michiganworks.org](http://www.michiganworks.org)

The following is a list of regional Michigan Works! offices throughout the state: Each region contains several offices the number of which is indicated in ( ).

#### *Allegan, Kent (5)*

##### *Area Community Service Employment and Training Council*

144 E. Fulton, Grand Rapids, MI 49503

(616) 336-4100

[www.michiganworkska.org](http://www.michiganworkska.org)

#### *Barry, Branch, Calhoun (4)*

##### *Calhoun Intermediate School District*

17111 G Drive, North, Marshall, MI 49068

(269) 789-2409

[www.calhounisd.org/wrkforceteam.htm](http://www.calhounisd.org/wrkforceteam.htm)

#### *Clinton, Eaton, Ingham (3)*

##### *Capital Area Michigan Works!*

2110 South Cedar Street, Lansing, MI 48910

(517) 492-5599

[www.camw.org](http://www.camw.org)

#### *Genesee, Shiawassee (2)*

##### *Career Alliance Incorporated*

711 N. Saginaw, Ste 300, Flint, MI 48503-1452

(810) 233-5974

[www.careeralliance.org](http://www.careeralliance.org)

#### *Gratiot, Isabella, Ionia, Montcalm (4)*

##### *Central Area Partnership Consortium*

904 Oak Drive (Turk Lake), PO Box 368, Greenville, MI 48838

(616) 754-9315

[www.camwc.org](http://www.camwc.org)

#### *Wayne (Detroit only) (5)*

##### *Detroit Workforce Development Department*

707 W. Milwaukee, 5th Floor, Detroit, MI 48202

(313) 876-0700

[www.detroitmi.gov/employtrain/default.htm](http://www.detroitmi.gov/employtrain/default.htm)

#### *Chippewa, Luce, Mackinac (3)*

##### *Eastern U.P. Michigan Works!*

1118 East Easterday Avenue, Sault Ste. Marie, MI 49783

(906) 635-1752

[www.michworks-upnorth.org](http://www.michworks-upnorth.org)

#### *Kalamazoo, St. Joseph (2)*

##### *Kalamazoo - St. Joseph Michigan Works!*

222 South Westnedge, Kalamazoo, MI 49007

(269) 349-1533

[www.upjohn.org/miworks/](http://www.upjohn.org/miworks/)

#### *Livingston (1)*

##### *Livingston County Job Training Services*

1240 Packard Drive, Howell, MI 48843

(517) 546-7450

[www.lcmw.org](http://www.lcmw.org)

#### *Macomb, St. Clair (4)*

##### *Macomb/St. Clair Workforce Development Board*

43630 Hayes, Suite 100, Clinton Township, MI 48038

(586) 469-5220

[www.macomb-stclairworks.org](http://www.macomb-stclairworks.org)

#### *Berrien, Cass, Van Buren (5)*

##### *Michigan Works! Berrien- Cass- Van Buren*

499 W. Main Street, Benton Harbor, MI 49022

(269) 927-1064

[www.miworks.org](http://www.miworks.org)

#### *Arenac, Clare, Gladwin, Iosco, Ogemaw, Roscommon (6)*

##### *Michigan Works! Region 7B Consortium*

402 N. First Street PO Box 408

Harrison, MI 48625

(989) 539-2173 / (800) 322-0163

[www.michworks4u.org](http://www.michworks4u.org)

# CRC Report

*Alger, Delta, Dickinson, Marquette, Menominee,  
Schoolcraft (6)*

*Michigan Works! The Job Force Board*

2950 College Avenue  
Escanaba, MI 49829  
(906) 789-0558

[www.jobforce.org](http://www.jobforce.org)

*Lake, Mason, Mecosta, Newaygo, Osceola (5)*

*Michigan Works! West Central*

110 Elm Street, Big Rapids, MI 49307  
(231) 796-4891

[www.michworkswc.org](http://www.michworkswc.org)

*Muskegon, Oceana (6)*

*Muskegon-Oceana Consortium*

1611 Oak Ave, Muskegon, MI 49442  
(231) 724-6381

[www.michiganworks.org](http://www.michiganworks.org)

*Alcona, Alpena, Cheboygan, Crawford, Montmorency,  
Presque Isle, Oscoda, Otsego (8)*

*Northeast Michigan Consortium*

20709 State Street PO Box 711, Onaway, MI 49765  
(989) 733-8548

[www.miworks-nemc.gen.mi.us](http://www.miworks-nemc.gen.mi.us)

*Antrim, Benzie, Charlevoix, Emmet, Grand Traverse,  
Kalkaska, Leelanau, Manistee, Missaukee, Wexford (5)*

*Northwest Michigan Council of Governments*

2194 Dendrin Drive PO Box 506, Traverse City, MI 49685-  
0506

(231) 929-5000

[www.nwm.org](http://www.nwm.org)

*Oakland (9)*

*Oakland County Workforce Development Division*

1200 North Telegraph Rd.  
Pontiac, MI 48342  
(248) 858-5520

[www.michworks.org](http://www.michworks.org)

*Ottawa (2)*

*Ottawa County Department of Employment and Training*

12251 James Street, Ste 300  
Holland, MI 49424  
(616) 393-5697

[www.miottawa.org/michiganworks](http://www.miottawa.org/michiganworks)

*Bay, Midland, Saginaw (6)*

*Saginaw-Midland-Bay Michigan Works!*

1600 N. Michigan, Room 400  
Saginaw, MI 48602  
(989) 754-1144

[www.michiganworks.com](http://www.michiganworks.com)

*Hillsdale, Jackson, Lenawee (3)*

*South Central Michigan Works!*

310 West Bacon Road  
Hillsdale, MI 49242  
(517) 437-0990 / (888) 649-6757

[www.scmw.org](http://www.scmw.org)

*Monroe, Wayne (non-Detroit) (7)*

*Southeast Michigan Community Alliance*

25636 Eureka Rd.  
Taylor, MI 48180  
(734) 229-3500

[www.semca.org](http://www.semca.org)

*Huron, Lapeer, Sanilac, Tuscola (4)*

*Thumb Area Michigan Works!*

3270 Wilson Street  
Marlette, MI 48453  
(989) 635-3561

[www.thumbworks.org](http://www.thumbworks.org)

*Washtenaw (1)*

*Washtenaw County Employment Training & Community  
Services*

555 Towner St.  
P.O. Box 915  
Ypsilanti, MI 48197  
(734) 544-6850

[etcs.ewashtenaw.org](http://etcs.ewashtenaw.org)

*Baraga, Gogebic, Houghton, Iron, Keweenaw,  
Ontonagon (5)*

*Western U.P. Michigan Works!*

100 W. Cloverland Drive  
Ironwood, MI 49938  
(906) 932-4059

[www.westupmwa.org](http://www.westupmwa.org)



## SCHOOL-TO-REGISTERED APPRENTICESHIP TAX CREDIT

### Enabling Act, Major Amendments; Statutory Citation

1996 PA 593, 2003 PA 273, 2006 PA 325; M.C.L. 208.38e

### Summary Program Description

State-based tax credit program designed to provide incentives to Michigan employers to sponsor federally-approved registered apprenticeships.

### Eligibility and Benefits

(courtesy of the Michigan Economic Development Corporation)

Employers who train registered apprentices younger than age 20, who have not obtained a high school diploma, and are enrolled in high school or a GED test preparation program, are eligible for a Single Business Tax credit of up to \$2,000 per apprentice.

One of the major issues for employers is the cost of training young people at the work site, including the wages, cost of supervisors or other employees engaged in training the student and the use of equipment that could otherwise be creating a product. Beginning January 1, 1997 the Youth Registered Apprenticeship Tax Credit began to help alleviate some of the financial burden for employers involved in training registered apprentices through the School-to-Registered Apprenticeship (STRA) program.

### Definitions

**Registered Apprenticeship:** Training programs operated by employers, employer associations or jointly by management and labor, designed to provide workers entering the workforce with comprehensive training by exposing them to the practical and theoretical aspects of work required by the occupational area. Those programs registered by the Bureau of Apprenticeship and Training, U.S. Department of Labor have the following 9 components:

1. Sponsored by employers and others that have the ability to hire and train in a work environment.
2. Needs of business and industry dictate content and length of training.
3. Has specific legal status and is regulated by state and federal laws/rules.
4. Leads to formal, official credentials (certification of completion and official journeyman status).
5. Involves significant investment of time and money from employers or other sponsor.
6. Provides wages to apprentices during training according to a predefined wage progression scale.
7. Participants learn by working directly under supervision of masters in the craft, trade, or occupation and attend a specified amount of classroom-related instruction.
8. Written agreements detail the roles and responsibilities of the sponsor and the apprentice. Implicit expectations include the right of the sponsor to employ the apprentice, and the right of the apprentice to expect employment.
9. Apprentices earn a Certificate of Completion that documents the achievement of industry-defined skills at industry-accepted standards.

***School-to-Registered Apprenticeship:*** An employer, association, or the employer and the union establish programs that allow high school students to participate in registered apprenticeship programs while completing their requirements for graduation.

Students are employed part-time with structured on-the-job training combined with classroom work.

Wages are paid on a graduated scale leading to journeyman status. Continued employment with the firm is expected. A formal agreement is made between the business or industry, the educational facility and the U.S. Bureau of Apprenticeship and Training. Employers must submit a copy of this agreement to be eligible for the tax credit.

### ***Eligibility***

The tax credit is for employers who train registered apprentices younger than 20 years of age, who have not obtained a high school diploma and are enrolled in high school or a GED test preparation program.

### ***Tax Credit Coverage***

The youth registered apprenticeship tax credit is up to \$2,000 annually per apprenticeship and applies to employers' Single Business Tax. The tax credit covers 50 percent of the wage-related costs of the youth apprentice including salary, fringes and other payroll expenses of the apprentice.

The tax credit also covers up to 100 percent of the costs of classroom-related instruction paid by the employer. These costs could include college level courses (tuition, fees and books) taken by the student while still in high school. The apprenticeship agreement signed by the employer and the student identifies when the employer is responsible for the classroom-related costs.

### ***Other Provisions***

The minimum term for the apprenticeship program must be 4,000 hours. School-to-Registered Apprenticeship programs established locally must be filed with the local Workforce Development Board as part of their responsibility to ensure the workforce needs of employers in their area are met.

If the tax credit exceeds the employers' tax liability, that portion which exceeds the liability will be refunded to the employer.

For more information about the School-to-Registered Apprenticeship program, contact the Michigan Department of Career Development, (571) 241-4000.

## **Changes since Program Inception**

2003 PA 273 amended the Act to allow businesses with North American Industry Classifications pertaining to tool and die industries to receive an apprenticeship tax credit of up to \$4,000 annually or a "special apprenticeship" tax credit of up to \$1,000 annually. A "special apprenticeship" is for a person ages 16-25 that is trained by a program that meets all regular apprenticeship requirements.

2006 PA 325 repealed the Single Business Tax Act effective December 31, 2007.

## **Data and Source**

The STRA program is available at over 70 certified sites throughout Michigan and more than 800 careers qualify for the program.

Source: Michigan Department of Career Development

**MISCELLANEOUS ECONOMIC DEVELOPMENT  
AUTHORITIES**

*Building Authorities  
Land Reclamation and Improvement Authorities  
State and County Land Bank Fast Track Authorities*



## BUILDING AUTHORITIES

### **Enabling Act, Major Amendments, Statutory Citation**

1948 PA 31 (1st Ex. Sess.); M.C.L. 123.951 et seq.

### **Summary Program Description**

Building Authority legislation enables local units of government to acquire and/or develop buildings and sites for public use.

### **Eligibility and Benefits**

Counties, cities, villages, and townships may incorporate 1 or more Building Authorities for the acquisition, development, operation, and maintenance of buildings, parking lots and structures, recreational facilities, stadiums, and other sites necessary for the effective use of these facilities. Joint authorities between 1 or more units of government, or a school district and any combination of 1 or more units of government, are allowable. Intermediate school districts may also incorporate Building Authorities with constituent school districts for the purpose of acquiring, developing, or maintaining facilities for special needs children.

Building Authorities may acquire property through purchase, construction, gift, devise, or condemnation. Established Building Authorities have full condemnation powers under the provisions of appropriate state statutes. The legislative body of any incorporating unit, by majority vote, may also transfer property owned by the incorporating unit to the authority.

The authority may enter into contracts with the incorporating units to acquire and lease property for a period not to exceed 50 years. Unless otherwise stated in the contract, obligations are considered general obligations of the incorporating units. The acquisition and lease of buildings, parking lots and structures, recreational facilities, stadiums, and other necessary sites must constitute a benefit to and a legitimate public purpose of the authority and incorporating unit(s).

Building Authorities may issue revenue bonds in anticipation of cash rental paid by the incorporating units to the authority. In turn, incorporating units may levy ad valorem taxes to pay the cash rental in anticipation of which bonds are issued. These taxes may be levied without limitation and are in addition to other taxes that the incorporating units are authorized to levy. Incorporating units may also raise funds to pay the authority from sublease revenues, from revenue earned from operation of the property, or from money received from the state or other governmental units.

## LAND RECLAMATION AND IMPROVEMENT AUTHORITIES

### Enabling Act; Statutory Citation

1992 PA 173; M.C.L. 125.2451 et seq.

### Summary Program Description

This act allows public or private interests to reclaim blighted areas within townships, including land previously used for mining, commercial, or industrial purposes, and to convert that property to useful recreational, residential, or commercial purposes.

### Eligibility and Benefits

Blighted areas are lands that were used for mining, commercial, or industrial purposes, the use of which disturbed the natural qualities of the land. Blighted areas must not be currently used for residential, recreation, or commercial purposes, but must have the potential to be reclaimed for such purposes, i.e. the land cannot be a "facility" as defined by part 201 of 1994 PA 451 (see Appendix F for a definition) and cannot be on the National Priorities List established pursuant to Public Law 96-510, 42, U.S.C. 9605.

Any individual, corporation, government, or other legal entity may file a petition—signed by all property owners within the proposed district boundaries—with the Department of Treasury to establish a Land Reclamation and Improvement Authority. After a public hearing, the Department of Treasury may approve the establishment of the authority if the proposed authority district contains 1 or more blighted areas that in total are not less than 20 percent of the total area of the authority district (which must be over 300 acres), or 100 acres, whichever is less; the proposed district had less than 100 residents when the petition was filed; the proposed district is located within 1 or 2 townships, but only 1 county, and; the blighted area can be reclaimed.

Statutory benefits include authorization to carry out improvements, implement development plans to improve blighted areas, make and enter into contracts, acquire by purchase or condemnation property, and fix and charge rents or let leases for property acquired under this act. The State Treasurer shall exercise the power of condemnation on behalf of the authority pursuant to the Uniform Condemnation Procedures Act, 1980 PA 87. Activities of the authority may be financed through contributions of property or labor, revenues from lease or operation of the properties, special assessments imposed by the authority, proceeds of bonds and notes issued in anticipation of the collection of special assessments, and other legal sources.

## STATE AND COUNTY LAND BANK FAST TRACK AUTHORITIES

### Enabling Act; Statutory Citation

2003 PA 258; M.C.L. 124.751 et seq.

### Summary Program Description

Land Bank Fast Track Authorities promote the economic redevelopment of tax foreclosed and other properties and are capable of assisting in expediting quiet title.

### Eligibility and Benefits, courtesy of Michigan State Land Bank Fast Track Authority

PA 258 created the state-level Michigan Land Bank Fast Track Authority (MLBFTA), which county “foreclosing governmental units” or a “qualified city” may enter into an intergovernmental agreement with to create a county or local authority.

A “qualified city” means any city that contains a first class school district (Detroit).

County “foreclosing governmental units” are county treasurers that choose to act as property tax foreclosing governmental units.

A state, county, or qualified city authority may take any action, provide any notice, or institute any proceeding necessary to clear or quiet title to property held by the authority in order to establish ownership, including by not limited to, expedited quiet title and foreclosure action. Quiet title action establishes the authority’s title to real property by “quieting” others’ claims to the title. Quiet title action does not provide a clear title per se, but does clear known or perceived title defects. Authorities may hold and own property conveyed by governmental entities or private interests. Authorities may acquire, lease, convey, demolish, rehabilitate or remediate real or personal property for the purposes of development or assembly for sale or lease, to preserve property value, or to protect any lien held by the authority. Authorities may convey property for any amount of consideration that is proper, fair, valuable and in the best interest of the community. Authorities shall not assist or expend funds for, or related to, the development of a casino; authorities may not condemn property, exercise eminent domain or levy special assessments or taxes.

Authorities may retain proceeds from sale of property and 50 percent of the revenues from the specific tax levied pursuant to the Tax Reverted Clean Title Act for 5 years after sale or conveyance of property. The authorities’ capacity to hold land tax free can facilitate land assembly for major projects. Parcels that have been held in a land bank are thereby qualified as brownfields, and the benefits associated with that program (See pages 41 and 75). Authorities may also finance activities through issuance of notes and bonds. Authority property, income and activities are tax exempt.

### Terms and Performance Guarantees

The Act establishes procedures for expedited quiet title and foreclosure of property or interests in tax reverted property held by an authority. After the authority files a petition with the circuit court, the clerk immediately sets a date for a hearing on the petition. The authority must follow procedures to identify and inform persons with interest in the property of the pending foreclosure and hearing date. Within 10 days of the hearing, the court will issue judgment on shifting fee simple (complete) ownership to the authority. After judgment, all liens against the property and all recorded or unrecorded interests, except for specified restrictions, are extinguished. An appeal may be made within 21 days.

## Data and Source

The Michigan State Land Bank Fast Track Authority inventory of property may be accessed at: [www.mcgi.state.mi.us/mlbfta/](http://www.mcgi.state.mi.us/mlbfta/)

County land bank authorities in Michigan consist of Calhoun, Genesee, Grand Traverse, Ingham, Jackson, Muskegon, Saginaw and Wayne Counties.

Since fiscal year 2005, the Michigan Land Bank Fast Track Authority has returned to the tax rolls more than 650 properties from the state's inventory of tax reverted parcels.

Source: Michigan State Land Bank Fast Track Authority

## Discussion

The Land Bank Fast Track Authority Act's focus is promoting economic growth through the coordinated disposition of tax reverted properties. Land Banks can also raise money and assemble larger parcels for sale, for public use, or for "banking" until the market develops. Land Bank Fast Track Authorities' success at selling these properties will depend on the extent to which the acquired properties are able to be put to productive and economically viable uses. The Land Bank Fast Track Authority Act was tie-barred with several bills that amended the General Property Tax Act and the Brownfield Redevelopment Financing Act, and authorized the Tax Reverted Clean Title Act. All Authority properties qualify for Brownfield designation and are eligible for funding through the Brownfield Redevelopment Financing Act, P.A. 381 of 1996 (See page 73).

## NON-PROFIT HOUSING PROPERTY DEVELOPMENT PROGRAM

The Michigan Land Bank Fast Track Authority and the Michigan State Housing Development Authority (MSHDA) transfer certain state-owned, tax-reverted properties at no financial cost to non-profit organizations for the development of affordable housing. Non-profits must have 501(c)(3) status, a feasible plan for use of the property that is consistent with the community's redevelopment plan, and must be able to demonstrate sufficient capacity and funding to carry out a project that will be of equal or better quality to comparable housing units in the community.

Requests should be submitted to:

Michigan Land Bank Fast Track Authority  
300 North Washington Square  
Lansing, MI 48913  
517-335-7810

## ADJACENT LOT DISPOSITION PROGRAM

The Michigan Land Bank Fast Track Authority (MLBFTA) sells individual parcels of property to adjacent property owners for a nominal cost plus property costs if the properties:

- Share at least a 75 percent common boundary;
- The property is not buildable or able to be developed independently according to local zoning/building code;
- The parcel is not part of a proposed development requiring land assembly (as determined by MLBFTA).

For more information on the Adjacent Lot Disposition Program, contact the MLBFTA at the address or phone number listed above.



## MISCELLANEOUS GRANT AND LOAN PROGRAMS

*21<sup>st</sup> Century Jobs Fund  
Federal and State Brownfield Grants and Loans*



## 21<sup>st</sup> CENTURY JOBS FUND

### Enabling Act, Statutory Citation

2005 PA 232; M.C.L. 12.257

### Summary Program Description

The 21<sup>st</sup> Century Jobs Fund seeks to diversify and grow the state's economy by encouraging the development and commercialization of competitive edge technologies, and increasing capital investment and commercial lending activities. The Fund is administered by the Michigan Economic Development Corporation (MEDC) through the Strategic Economic Investment and Commercialization (SEIC) Board.

### Eligibility and Benefits

#### *General Eligibility:*

Michigan institutions of higher education, non-profit research institutions and non-profit corporations are eligible for grants, unless the proposed project has an apparent for-profit intent, in which case loans, convertible loans and other investment tools may be provided. For-profit organizations are only eligible for loans.

Out-of-state applicants that wish to relocate or that have a substantial portion of their business in Michigan are eligible to apply, but must have a presence in Michigan at signing of contract.

#### *Development and commercialization of competitive edge technologies*

The 21<sup>st</sup> Century Jobs Fund invests in basic and applied research, technology transfer, and commercialization of products, processes and services in 4 competitive-edge technologies at institutions of higher education, non-profit research organizations, non-profit corporations and for-profit businesses. The four competitive-edge technologies are:

- Life Sciences
- Alternative Energy
- Advanced Automotive, Manufacturing and Materials
- Homeland Security

Technologies and activities related to the research and development of any competitive edge technology products are also eligible for 21<sup>st</sup> Century Jobs funding (e.g., design, engineering, testing).

#### *Capital investment activity*

The 21<sup>st</sup> Century Jobs Fund invests in or alongside qualified equity, mezzanine or venture capital funds to create or retain jobs in competitive edge technologies in Michigan.

#### *Commercial lending activity*

The 21<sup>st</sup> Century Jobs Fund reestablished the Capital Access Program for small businesses and may create commercial loan enhancement programs to stimulate additional commercial lending to support competitive edge technology activities.

### Terms and Performance Guarantees

Proposals will be peer reviewed by a panel of scientific experts, technology transfer specialists, venture capitalists and entrepreneurs recruited by the American Association for the Advancement of Science and

approved by MEDC. Proposals will be reviewed on 4 criteria of equal weight: scientific and technical merit, personnel expertise, commercialization merit, and ability to leverage other resources. Applicants are required to match investments with cash or in-kind contributions. Cash contributions need not come directly from the applicants themselves.

Applicants are encouraged to collaborate. Applied research proposals *must* include high-value collaboration between the eligible applicant and another, preferably Michigan-based entity. If the collaboration is between non-profit and for-profit entities, the stage of technological development and determination of which entity receives the economic benefit will be considered to ascertain whether the applicants are eligible for grants or loans.

Commercialization and basic and applied research funding may be requested for up to 3 years. Commercialization Services, which provide funds for specialized business resources to ensure successful commercialization, may be requested for up to 2 years.

If a recipient leaves the state within three years of the award, it will be considered a breach of contract; repayment and other penalties may apply.

## Data and Source

According to the Michigan Economic Development Corporation, 505 proposals were received and 179 interviews were conducted for the 2006 round. In September and October 2006, 85 successful proposals were awarded a total of \$135 million from the 21<sup>st</sup> Century Jobs Fund as follows:

<i><u>Competitive-Edge Technology</u></i>	<i><u>Number of Awards</u></i>	<i><u>Total in Millions</u></i>
Advanced Automotive, Manufacturing, Materials	37	\$57.5
Life Sciences	32	\$54.6
Homeland Security	9	\$12.2
Alternative Energy	7	\$12.6

## Discussion

In addition to \$400 million in securitized tobacco settlement revenues, the 21<sup>st</sup> Century Jobs Fund is a 10-year initiative to diversify Michigan's economy. Each fiscal year from 2008-2015, \$75 million in tobacco settlement revenues will be invested in the Fund. The initiative builds on former programs such as the Michigan Life Sciences Corridor and the Michigan Technology Tri-Corridor.

# Survey of Economic Development Programs in Michigan

## FEDERAL AND STATE BROWNFIELD GRANTS AND LOANS

### MICHIGAN DEPARTMENT OF ENVIRONMENTAL QUALITY BROWNFIELD REDEVELOPMENT GRANTS AND SITE RECLAMATION

#### Enabling Act, Major Amendments, Statutory Citation

1988 P.A. 328, 1994 P.A. 451; 2003 P.A. 253; M.C.L. 324.195 (Environmental Protection Bond), M.C.L. 324.196 (Clean Michigan Initiative), M.C.L.324.201 (Environmental Remediation)

#### Program Description

Clean Michigan Initiative Brownfield Redevelopment Grants (CMIBRG), Site Assessment Grants (SAG) and Site Reclamation Grants (SRG) are awarded to local units of government, Brownfield Redevelopment Authorities and other authorities created pursuant to state law for investigation and remediation of known contaminated sites that will be used for a determined economic development.

#### Eligibility and Benefits

Sites must be facilities as defined by part 201 of the Natural Resources and Environmental Protection Act 381 of 1994. Grants up to \$1 million are available for response activities such as investigation, assessment and due care activities at facilities where an economic development that creates jobs, private investment and/or increases property tax has been identified.

#### Terms and Performance Guarantees

Proposals are accepted on a continual basis. The Director of the Michigan Department of Environmental Quality (MDEQ) approves projects. Only one project per applicant will be awarded within a fiscal year. Both grants are administered by the MDEQ Environmental Science and Services Division. The Clean Michigan Initiative Bond Fund of 1998 funds CMIBRG. The Environmental Protection Bond Fund of 1988 funds SAG and SRG, but minimal funding remains. For more information on grant revenue sources, see the description on page 124.

#### Data and Source

Fiscal year 2007 CMI funding appropriations equaled \$8.8 million. On average, MDEQ awards \$6-7 million in Brownfield Redevelopment Grants per year.

Source: MDEQ

## MICHIGAN DEPARTMENT OF ENVIRONMENTAL QUALITY BROWNFIELD REDEVELOPMENT LOANS & REVITALIZATION REVOLVING LOAN PROGRAMS

### Enabling Act, Major Amendments, Statutory Citation

1988 P.A. 328, 1994 P.A. 451; 2003 P.A. 253; M.C.L. 324.195 (Environmental Protection Bond), M.C.L. 324.196 (Clean Michigan Initiative), M.C.L. 324.201 (Environmental Remediation).

### Program Description

Clean Michigan Initiative Brownfield Redevelopment Loans (CMIBRL) and Revitalization Revolving Loans (RRL) are awarded to local units of government and Brownfield Redevelopment Authorities for assessments, demolition and other remediation activities at sites with known or suspected contamination.

### Eligibility and Benefits

The Clean Michigan Initiative Bond Fund of 1998 funds CMIBRL programs and the Environmental Protection Bond Fund of 1988 funds RRL programs; therefore, each loan has distinct criteria. CMIBRL projects must have identified economic development; RRL projects must be used to promote economic development, but are not required to have an identified development. Eligible response activities of both loans include investigation, assessment, interim response activities and demolition to reach contaminants; however, CMI-funded loans also allow for due care responses while RRL programs do not. CMIBRL loans award up to \$1 million whereas RRL programs do not cap the amount an applicant may borrow.

### Terms and Performance Guarantees

CMIBRL and RRL are low-interest loans offered at no more than 50% of the prime rate. The current rate is 2%. No interest is due in the first 5 years; interest accrues at the beginning of the 6<sup>th</sup> year. Loan periods are 15 years. Loans are limited to one project per applicant per fiscal year. The Michigan Department of Environmental Quality (MDEQ) Environmental Science and Services Division administers CMIBRL and RRL programs.

These loans represent an opportunity for local units and authorities to use tax increment financing to repay loans (See section on Brownfield Authorities and the Brownfield Redevelopment Financing Act of 1996 on page 73 and the text box on tax increment financing on page 80.)

### Data and Source

As of September 2006, \$17.5 million in loan funds were available for appropriation.

### Press Releases

On June 29, 2006, Grand Traverse County was awarded a \$1 million Brownfield Redevelopment Grant and a \$1 million Brownfield Redevelopment Loan for the investigation, cleanup and development of 5 properties in Traverse City. The development anticipates private investments over \$75 million for property acquisition and construction and \$12 million in public investment for a new parking deck. Additionally, the project is expected to create 600 new permanent jobs in Traverse City.

On August 8, 2006, the Genesee County Land Bank Authority was awarded a \$164,000 Brownfield Redevelopment Grant and a \$376,000 Brownfield Redevelopment Loan for investigation and response activities on 6 brownfield sites. The redevelopment is expected to result in almost \$6.5 million in private investment and create 70 new jobs.

# Survey of Economic Development Programs in Michigan

On November 15, 2006, the City of Lansing was awarded a \$249,750 Brownfield Redevelopment Grant to rehabilitate a contaminated warehouse in Old Town to serve as the new home of Lansing Habitat for Humanity. The proposed “green” redevelopment is expected to generate over \$500,000 in private investment.

On December 21, 2006, Clare County received \$416,000 in Brownfield Redevelopment Grants and Loans to facilitate the reuse of a contaminated property in the City of Harrison. The grant will be used to demolish old buildings; the loan will be used to address contamination caused by a cement mixing facility. The project will result in the Harrison Area Economic Development Corporation Industrial Park, \$13 million in private investment and the creation of 100 new jobs.

Source: MDEQ

## Discussion

Since inception, the Brownfield Redevelopment Grant and Loan Program has supported more than 300 projects statewide and has provided \$132 million in funds (12/21/06 MDEQ Press Release).

The MDEQ also initiates state-funded cleanups: The MDEQ Remediation and Redevelopment Division administers the Environmental Cleanup and Redevelopment Programs, which foster cleanup of environmentally contaminated sites when the liable party is either financially unable or refuses to act in a timely manner and public health necessitates immediate action. The MDEQ annually proposes projects to the Legislature; projects are approved through appropriation bills. Cleanup projects are prioritized by the magnitude of the public health or environmental risk and by the potential for redevelopment.

## REVENUE SOURCES FOR MDEQ BROWNFIELD REDEVELOPMENT GRANTS AND LOANS

### *Environmental Protection Bond Fund*

In 1988, voters passed Proposal C, the Environmental Bond Issue, which authorized MDEQ to use \$660 million in general obligation bonds for environmental protection (established by PA 328 of 1988; Part 195 of PA 451 explains uses of bond proceeds). \$425 million was specifically reserved for environmental cleanup. As of September 2005, nearly \$35 million in bonds remained.

### *Clean Michigan Initiative (CMI)*

In 1996, voters approved a \$675 million bond initiative for brownfield redevelopment and cleanup; to protect and enhance lakes, rivers and streams; reclaim waterfront; improve state and local parks and recreation activities; and prevent pollution and hazards from lead (Part 196 of PA 451). CMI has 6 main categories: response activities, waterfront improvement (grants exhausted), lake and river sediment cleanup, nonpoint source pollution control grants, clean water programs and pollution prevention programs. 2003 PA 253 significantly increased the amount of CMI grant and loan funds available to local units; \$335 million is now reserved for brownfield cleanup, including:

- \$155 million for site cleanup and redevelopment,
- \$37.5 million in grants and \$37.5 million in loans for local units of government for response activities at suspected or known contaminated sites with redevelopment potential,
- \$93 million for cleanup of sites that pose danger to public health or the environment, and
- \$12 million in grants to local units for landfill remediation at sites listed on the National Priorities List (the “Superfund” list).

## U.S. ENVIRONMENTAL PROTECTION AGENCY ASSESSMENT GRANTS

The EPA awards grants of up to \$200,000 to states, local governments, tribal governments and governmental or quasi-governmental entities and authorities for Brownfield site inventory, characterization, assessment and planning and community involvement activities relevant to Brownfields. Applicants may request up to \$350,000 for petroleum-impacted or hazardous substance contamination. The performance period is 2 years.

### *Cleanup Grants*

Applicant eligibility is the same as Assessment Grant eligibility. Applicants must own the property and have conducted a Phase I site assessment prior to proposal submission. Grants up to \$200,000 for no more than 5 sites per applicant are available for cleanup activities. Grants require a 20 percent cost share in the form of monetary resources, labor or materials (may be waived for hardship). The performance period is 2 years.

The EPA recently awarded the MDEQ a Cleanup Grant for a brownfield site in Grand Rapids. The grant was announced in May 2005. By August 2006, the site, Hoff Industries, was mostly demolished and the debris was being removed. The Clean Michigan Initiative matched the grant to fulfill the 20 percent cost share requirement.

### *Targeted Brownfields Assessments*

The Environmental Protection Agency offers funding and technical assistance through its regional offices for certain costs associated with assessment for remediation of certain contaminated sites.

A Targeted Brownfields Assessment may encompass one or more of the following activities:

1. A screening (phase I) assessment, including a background and historical investigation and a preliminary site inspection;
2. A full (phase II) site assessment, including sampling activities to identify the types and concentrations of contaminants and the areas of contamination to be cleaned;
3. Establishment of cleanup options and cost estimates based on future uses and redevelopment plans.

Targeted Brownfields Assessment (TBA) funding may only be used at real property at which redevelopment, reuse or expansion may be complicated by contamination. The Small Business Liability Relief and Brownfields Revitalization Act expanded TBA eligible property to include mine scarred land, properties contaminated by a controlled substance and low risk petroleum contaminated properties

Regional EPA offices have discretion in selecting properties for TBA. Typically, preference is given to publicly owned or abandoned property, low or moderately contaminated sites, projects that include environmental justice issues or that suffer from the stigma of liability, and sites with prospective purchasers willing to buy and pay for cleanup if needed.

Source: EPA at [www.epa.gov/brownfields/tba.htm](http://www.epa.gov/brownfields/tba.htm)



## U.S. ENVIRONMENTAL PROTECTION AGENCY LOANS

### *Brownfields Cleanup Revolving Loan Fund*

In the fall of 2003, the EPA awarded MDEQ with the Brownfield Cleanup Revolving Loan Fund (BCRLF). MDEQ may provide financing up to \$1 million per project under the program. The MDEQ seeks public and private sector and community organization involvement in the cleanup process and requires applicants to demonstrate their intent to involve local residents, organizations and businesses. MDEQ also requires a description of how the cleanup will create and sustain jobs. Public-private partnerships are encouraged; private entities may not apply. The MDEQ Remediation and Redevelopment Division manages the fund and provides a qualified environmental professional to ensure that cleanups meet federal and state requirements. The BCRLF's low interest rate and terms are similar to those that apply to the State's revolving loan program.

### Data and Source

In May 2006, the EPA awarded a total of \$699 million in grants to 209 applicants in 44 states for new assessments, cleanups and to capitalize revolving loan funds. Twenty Michigan communities received EPA funds, including:

- City of Alma
- City of Alpena
- Arenac County
- Berrien County Brownfield Redevelopment Authority
- Calhoun County
- Cheboygan County
- Detroit/Wayne County Port Authority
- Dickinson County Brownfield Redevelopment Authority
- Downriver Community Conference, Wayne and Monroe Counties
- City of East Lansing
- Genesee County Land Bank Authority
- Gratiot County Brownfield Redevelopment Authority
- Harbor Shores Community Redevelopment, Inc.
- Kalamazoo County
- City of Kalamazoo
- Little River Band of Ottawa Indians, Manistee Reservation
- Manistee County Brownfield Redevelopment Authority
- Reed City Brownfield Redevelopment Authority
- City of Trenton
- Wayne County Brownfield Redevelopment Authority

Source: MDEQ



MISCELLANEOUS STATEWIDE ECONOMIC  
DEVELOPMENT PROGRAMS

*Michigan Site Network*



## MICHIGAN SITE NETWORK (MISITENET)

The Michigan Site Network (MISITENET) is a 501(c)(3) industrial and commercial site database, which is collaboratively operated by the Michigan Economic Development Corporation, Detroit Edison Economic Development Team and the Michigan Economic Developers Association. The Site Network provides information on individual sites, including characteristics, digitized photographs, location maps, aerial photos, detailed topographic maps, brownfield data, certified business parks and existing structures.

According to the MEDC, local economic development offices and realtors enter site information into the network through the Internet. Over 5,000 sites throughout Michigan are currently listed. The Site Network assists businesses interested in locating in Michigan by analyzing a variety of factors related to the businesses' location, space, and infrastructure requirements, and then researches the network for sites that meet the businesses' requirements. A presentation package that includes information such as demographic and labor statistics, tax and incentive programs, education opportunities and quality of life indicators is then presented to the businesses.

MISITENET is accessible at [www.misitenet.com](http://www.misitenet.com)

### *MEDC Select Sites*

The Michigan Economic Development Corporation also has an online interactive map tool to retrieve visual information about "SelectSites" by county. SelectSites are high-quality sites, primed for development. The SelectSites mapping tool is available at: [www.michigan.org/medc/services/sitedevelopment/selectsites/index.asp](http://www.michigan.org/medc/services/sitedevelopment/selectsites/index.asp)



## APPENDICES

*Appendix A – HUBZones—Census Tract Designation by County*

*Appendix B: CDBG Entitlement Communities*

*Appendix C: Economic Development Corporation Account Managers & Territories*

*Appendix D: Qualified Local Government Units (OPRA)*

*Appendix E: Small Business & Technology Development Centers by Region*

*Appendix F: Definitions of Blight, Functional Obsolete and Facility*

*Appendix G: MEGA Definition of High-Tech Activity and Business*

*Appendix H: MSHDA Definition of Eligible Distressed Areas*





## APPENDIX A HISTORICALLY UNDERUTILIZED BUSINESS ZONES (HUBZONES) CENSUS TRACT DESIGNATION BY COUNTY

The following are census tracts with Historically Underutilized Business Zone designation under U.S.C. 26 sec. 42(d)(5)(C)(ii)(I). For a listing of entire counties, Indian reservations and former military bases in Michigan with HUBZone designation, see page 11.

### County - Tract(s)

*Bay* - 2802 2803 2804 2807 2811

*Berrien* - 0003 0004 0005 0006 0021 0022 0023 0205

*Calhoun* - 0002 0003 0004 0005 0006 0021 0033 0036

*Chippewa* - 9703

*Cass* - 0007 0009

*Clare* - 9801 9802 9803 9805 9809 9810 9812

*Delta* - 9710

*Genesee* - 0001 0002 0004 0005 0006 0007 0008 0009 0010 0011 0014 0015 0017 0018 0019 0020 0021 0022  
0023 0025 0026 0028 0029 0032 0034 0037 0038 0103.04 0122.02

*Galdwin* - 9902 9908

*Houghton* - 9903 9908

*Ingham* - 0002 0003 0005 0006 0007 0008 0012 0013 0014 0015 0019 0020 0021 0036.02 0038.2 0039.02 0041  
0042 0043.01 0043.02 0044.02 0044.03 0044.05 0065

*Iosco* - 9904 9905

*Isabella* - 9505 9509 9511 9512

*Jackson* - 0002 0006 0007 0010 0011 0012 0059

*Kalamazoo* - 0001 0002.01 0002.02 0003 0005 0006 0009 0010 0011 0015.04 0015.07 0029.03

*Kent* - 0013 0014 0015 0019 0020 0021 0025 0026 0028 0030 0031 0032 0036 0037 0038 0039

*Lake* - 9606

*Lenawee* - 0613.01 0613.02 0616

*Macomb* - 2313 2400 2450 2470 2471 2605 2638

*Manistee* - 9906

*Marquette* - 0003 0005 0006 0008 0024

*Mecosta* - 9605 9606 9607 9611

*Monroe* - 8318 8321

*Montcalm* - 9801

# CRC Report

*Muskegon* - 0001 0002 0003 0005 0006.01 0006.02 0007 0011 0012 0013 0014.01 0014.02

*Newaygo* - 9707

*Oakland* - 1412 1416 1417 1418 1421 1422 1423 1424 1425 1427 1716 1724 1725 1981

*Ogemaw* – 9501 9507 9508

*Oscoda* – 9704

*Ottawa* – 0223

*Roscommon* - 9702

*Saginaw* - 0001 0002 0004 0006 0007 0008 0009 0010 0011 0013 0017 0018 0110

*St. Clair* - 6200 6210 6230 6240 6250

*Shiawassee* – 0306

*St. Joseph* – 0402 0404

*Van Buren* - 0106 0107

*Washtenaw* - 4001 4002 4003 4005 4007 4008 4022 4026 4042 4101 4105 4106 4107 4108 4110 4111 4112 4140 4143

*Wayne* - 5003 5004 5005 5006 5013 5017 5020 5034 5032 5033 5034 5035 5036 5037 5039 5040 5041 5042  
5043 5044 5045 5046 5047 5048 5050 5051 5052 5053 5062 5063 5064 5065 5066 5070 5071 5072 5073 5074  
5075 5076 5077 5078 5079 5080 5102 5103 5104 5105 5106 5107 5108 5109 5111 5112 5115 5116 5117 5121 5122 5123  
5124 5126 5129 5132 5133 5134 5136 5139 5140 5141 5143 5145 5146 5147 5148 5149 5150 5151 5152 5153 5156 5157  
5161 5162 5163 5164 5166 5167 5168 5169 5174 5175 5176 5177 5178 5180 5181 5184 5185 5186 5188 5201 5202 5203  
5204 5205 5206 5207 5209 5211 5213 5214 5215 5218 5219 5220 5221 5222 5223 5224 5231 5232 5233 5234 5235  
5236 5237 5238 5240 5241 5242 5243 5245 5247 5248 5251 5252 5253 5254 5255 5256 5257 5258 5260 5261 5262  
5263 5264 5265 5301 5302 5303 5304 5307 5308 5310 5311 5313 5314 5315 5316 5317 5318 5319 5322 5324 5325  
5326 5327 5330 5331 5332 5333 5334 5335 5336 5337 5341 5342 5343 5344 5345 5346 5350 5351 5352 5354 3555  
5357 5361 5363 5364 5365 5366 5367 5368 5370 5371 5372 5373 5375 5377 5378 5383 5390 5391 5402 5404  
5410 5411 5412 5423 5427 5435 5436 5437 5438 5439 5442 5451 5452 5453 5454 5455 5456 5460 5464 5465  
5466 5467 5468 5469 5521 5522 5523 5524 5526 5530 5531 5532 5533 5534 5536 5538 5685 5704 5706 5708  
5710 5733 5735 5736 5738 5739 5740 5791 5792 5793 5795 5796 5798 5848 5860

Source: [map.sba.gov/hubzone/hzqry.asp?state=MI](http://map.sba.gov/hubzone/hzqry.asp?state=MI)

# Survey of Economic Development Programs in Michigan

## APPENDIX B

### LOCAL UNITS OF GOVERNMENT ELIGIBLE FOR U.S. HOUSING AND URBAN DEVELOPMENT-ADMINISTERED COMMUNITY DEVELOPMENT BLOCK GRANTS

Small cities, villages, and townships with populations of less than 50,000 and non-urban counties are generally eligible for Community Development Block Grant (CDBG) funds administered by the State of Michigan. There are over 1,600 of such units of local government, referred to as nonentitlement communities. All communities are nonentitlement unless otherwise noted below. Units of government listed below may receive CDBG funds directly from the U.S. Department of Housing and Urban Development.

The following counties and all respective units of local government within are not eligible for CDBG funds administered by the State of Michigan:

*Genesee County* (with the exception of the Cities of Flushing and Linden)

*Kent County* (with the exception of the City of Cedar Springs)

*Macomb County*

*Oakland County*

*Wayne County*

In *Washtenaw County*, the following units of government are not eligible for CDBG funds administered by the State of Michigan:

City of Ann Arbor

Northfield Township

Superior Township

City of Ypsilanti

Pittsfield Township

York Township

Ann Arbor Township

Salem Township

Ypsilanti Township

Bridgewater Township

Scio Township

The following cities are not directly eligible for CDBG funds administered by the State of Michigan, but an eligible county may apply for funding that will be used in these jurisdictions:

Battle Creek

Jackson

Muskegon

Port Huron

Bay City

Kalamazoo

Muskegon Heights

Saginaw

Benton Harbor

Lansing

Niles

East Lansing

Midland

Norton Shores

Holland

Monroe

Portage

Indian tribes are not directly eligible for CDBG funds, but an eligible county or township may apply for funding that will be used on Indian reservations if the unit of local government has the legal authority to fund projects on Indian reservations and Indian preference is not provided.

Source: Michigan State Housing Development Authority

## APPENDIX C

### ECONOMIC DEVELOPMENT CORPORATION ACCOUNT MANAGERS & TERRITORIES

The Michigan Economic Development Corporation maintains a field staff of Account Managers throughout the state to provide business assistance through state and federal programs. Corresponding territories and Account Manager phone numbers are as follows (current through January 2007):

#### *Central Michigan*

*Bay, Clare, Gladwin, Gratiot, Isabella, Midland, Saginaw Counties - (517) 241-1666*  
*Branch, Clinton, Eaton, Hillsdale, Ingham, Jackson Counties - (517) 373-9135*

#### *Northern Lower Peninsula*

*Alcona, Alpena, Antrim, Arenac, Benzie, Charlevoix, Cheboygan, Crawford, Emmet, Grand Traverse, Iosco, Kalkaska, Leelanau, Manistee, Missaukee, Montmorency, Ogemaw, Oscoda, Otsego, Presque Isle, Roscommon, Wexford Counties - (517) 335-4839*

#### *Southeast Michigan*

*Lenawee, Livingston, Monroe Counties – (517) 335-5552*  
*Macomb County – (517) 335-0761, (517) 241-8685*  
*Oakland County – (517) 335-0761, (517) 241-1960, (517) 241-5634*  
*Washtenaw County – (517) 373-6255*  
*Wayne County – (517) 241-8594, (517) 241-4643, (517) 241-9464*

#### *Thumb Area*

*Genesee, Huron, Lapeer, Sanilac, Shiawassee, Tuscola Counties - (517) 241-3896*

#### *Upper Peninsula*

*Alger, Baraga, Chippewa, Delta, Dickinson, Gogebic, Houghton, Iron, Keweenaw, Luce, Mackinac, Marquette, Menominee, Ontonagon, Schoolcraft Counties - (517) 373-9307*

#### *Western Michigan*

*Ionia, Lake, Mason, Mecosta, Montcalm, Newaygo, Oceana, Osceola Counties - (517) 373-9121*  
*Kent County - (517) 373-4781, (517) 373-7723*  
*Allegan, Muskegon, Ottawa Counties - (517) 373-6204*  
*Barry, Calhoun Counties - (517) 373-7723*  
*Kalamazoo, St. Joseph Counties - (517) 335-2124*  
*Berrien, Cass, Van Buren Counties - (517) 373-3633*

# Survey of Economic Development Programs in Michigan

## APPENDIX D

### QUALIFIED LOCAL GOVERNMENTAL UNITS UNDER THE OBSOLETE PROPERTY REHABILITATION ACT – (PUBLIC ACT 146 OF 2000)

*Qualified local governmental units*, as defined by the Obsolete Property Rehabilitation Act (discussed on page 61), are:

1. *Cities* with populations more than 20,000 or less than 5,000, located in a county with a population more than 2,000,000 and, as of January 1, 2000, with overall increases in state equalized valuation of real and personal property of less than 65 percent of the statewide average increase since 1972; or
2. *Cities* with median household incomes of 150 percent or less of the statewide median family income as reported in the 1990 census, and that meet at least one of the following criteria:
  - Contains an eligible distressed area as defined by the State Housing Development Authority Act (See Appendix A for a definition and list of current eligible distressed areas);
  - Is contiguous to a city with a population of 500,000 or more;
  - Has a population of 10,000 or more and is located outside of an urbanized area as delineated by the federal census bureau;
  - Is the central city of a metropolitan area as designated by the U.S. Office of Management and Budget;
  - Has a population of 100,000 or more and is located in a county with a population of 2,000,000 or more according to the 1990 federal census.
3. *Townships* with a median family income of 150 percent or less of the statewide median family income as reported in the 1990 federal census, and is either:
  - Contiguous to a city with a population of 500,000 or more, or
  - Contains an eligible distressed area and has a population of 10,000 or more.
4. *Villages* with populations of 500 or more as reported by the 1990 federal census located in an area designated as a Rural Enterprise Community before 1998.

As of July 2006, the following local units of government are “qualified local governmental units.”

Adrian	Albion	Alma
Alpena	Ann Arbor	Baldwin
Bangor	Battle Creek	Bay City
Benton Harbor	Benton Twp. (Berrien)	Bessemer
Big Rapids	Bronson	Buena Vista Twp. (Saginaw)
Burton	Cadillac	Carson City
Caspian	Center Line	Cheboygan
Coldwater	Coleman	Crystal Falls
Dearborn	Dearborn Heights	Detroit
Dowagiac	East Lansing	Eastpointe
Ecorse	Escanaba	Ferndale
Flint	Gaastra	Genesee Twp. (Saginaw)
Gibraltar	Gladstone	Grand Haven
Grand Rapids	Grayling	Hamtramck
Harbor Beach	Harper Woods	Hart
Hartford	Hazel Park	Highland Park
Holland	Inkster	Ionia
Iron Mountain	Iron River	Ironwood
Ishpeming	Jackson	Kalamazoo
Lansing	Lincoln Park	Livonia

# CRC Report

---

Ludington	Manistee	Manistique
Marquette	Melvindale	Menominee
Midland	Monroe	Mt. Clemens
Mount Morris	Mt. Morris Twp. (Genesee)	Mount Pleasant
Muskegon	Muskegon Heights	Norton Shores
Norway	Oak Park	Omer
Onaway	Owosso	Pinconning
Pontiac	Portage	Port Huron
Redford Twp. (Wayne)	River Rouge	Royal Oak Twp. (Oakland)
Saginaw	St. Louis	Sault Ste. Marie
Southfield	Sturgis	Taylor
Three Rivers	Traverse City	Trenton
Vassar	Wakefield	Warren
Wayne	Wyandotte	Wyoming
Ypsilanti		

# Survey of Economic Development Programs in Michigan

## APPENDIX E

### SMALL BUSINESS & TECHNOLOGY DEVELOPMENT CENTERS BY REGION

Funded primarily by the Small Business Administration of the US Department of Commerce, Small Business Development Centers (SBDCs) are cooperative efforts of the private sector, the education community, federal, state, and local governments. They exist throughout most of the United States. SBDCs in Michigan, called Michigan Small Business & Technology Development Centers (SBTDCs), are business management assistance and training centers that assist people interested in starting a business as well as existing businesses with less than 500 employees.

SBTDCs provide no-cost or very low-cost business management consulting and training to Michigan's new venture companies, existing small businesses, expanding businesses, new technology companies, and innovators. According to the Michigan Economic Development Corporation, certified counselors assist businesses in handling cash flow problems, developing sound accounting practices, producing marketing materials, packaging loan proposals, addressing personnel issues, and referring clients to experts who partner with the SBTDC network. These consultants include CPAs, loan counselors, attorneys and marketing specialists. Firms interested in exporting, research and development, manufacturing and technology transfer may receive specialized assistance from the SBTDCs.

#### *Michigan SBTDC State Office:*

Grand Valley State University  
Seidman College of Business  
510 W Fulton Street  
Grand Rapids, MI 49504  
p: (616) 336-7480 f: (616) 336-7485  
[sbtdchq@gvsu.edu](mailto:sbtdchq@gvsu.edu)  
[www.misbtcdc.org](http://www.misbtcdc.org)

For a listing of all Small Business & Technology Development Center programs and other Small Business Administration programs, contact the appropriate regional office. Most SBTDC Regional Offices listed below have satellite offices not listed here. See [www.misbtcdc.org](http://www.misbtcdc.org) for a listing of the more than 30 satellite offices located throughout Michigan's 83 counties.

#### *SBTDC Region*

#### *Host Institution*

#### Contact Information

#### Counties Served

#### *Region 1 - Upper Peninsula*

1st Step, Inc.  
2415 14th Avenue, South  
Escanaba, MI 49829  
p: (906) 786-9634 f: (906) 786-4442

Alger	Baraga	Chippewa	Delta
Dickinson	Gogebic	Houghton	Iron
Keweenaw	Luce	Mackinac	Marquette
Menominee	Ontonagon	Schoolcraft	

#### *Region 2 - NW*

Northwest Michigan  
Council of Governments  
1209 South Garfield Avenue, Suite C  
P.O. Box 506  
p: (231) 922-3780 f: (231) 929-5042

Antrim	Benzie	Charlevoix	Emmet
Grand Traverse	Kalkaska	Leelanau	Manistee
Missaukee	Wexford		

#### *Region 3 - NE*

Alpena Community College  
666 Johnson Street  
Alpena, MI 49707  
p: (989) 358-7383 f: (989) 358-7554

Alcona	Alpena	Cheboygan	Crawford
Iosco	Montmorency	Ogemaw	Oscoda
Otsego	Presque Isle	Roscommon	

# CRC Report

<b>Region 4 - NW Central</b> Community College M-TEC Building 1375 S. Clare Avenue Harrison, MI 48625 P: (989) 386-6630 f: (989) 802-0971	Clare Lake Newaygo	Gladwin Mason Oceana	Gratiot Mecosta Osceola	Isabella Mid Michigan Montcalm
<b>Region 5/6 - NE Central/Thumb</b> Delta College Corporate Services 1961 Delta Road, H-Wing University Center, MI 48710 p: (989) 686-9597 f: (989) 667-2222	Arenac Saginaw	Bay Sanilac	Huron Tuscola	Midland
<b>Region 7 - West Central</b> Grand Valley State University 401 West Fulton Grand Rapids, MI 49504 p: (616) 331-7486 f: (616) 331-7195	Kent	Muskegon	Ottawa	
<b>Region 8 - Central</b> Lansing Community College 315 N. Grand Avenue, Room 202 P.O. Box 40010 Lansing, MI 48901-7210 p: (517) 483-1921 f: (517) 483-1675	Clinton Livingston	Eaton Shiawassee	Ingham	Ionia
<b>Region 9 - SE</b> Eastern Michigan University 2727 Second Avenue, Suite 113 Detroit, MI 48201 p: (313) 967-9295 f: (313) 967-9296	Monroe	Oakland	Wayne	
<b>Region 10 - SE</b> Macomb County Department of Planning & Economic Growth 1 South Main Street, 7 <sup>th</sup> Floor Mt. Clemens, MI 48043 p: (810) 469-5118 f: (810) 469-6787	Macomb	St. Clair		
<b>Region 11 - SW</b> Kalamazoo College Stryker Center 1327 Academy Street Kalamazoo, MI 49006-3200 p: (269) 337-7350 f: (269) 337-7352	Allegan Calhoun St. Joseph	Barry Cass Van Buren	Berrien Kalamazoo	Branch
<b>Region 12 - South Central</b> Washtenaw Community College 301 West Michigan Avenue, Suite 101 Ypsilanti, MI 48197 p: (734) 547-9170 f: (734) 547-9178	Hillsdale	Jackson	Lenawee	Washtenaw



## APPENDIX F DEFINITIONS OF BLIGHTED, FUNCTIONALLY OBSOLETE AND FACILITY

### *Eligible Properties for Obsolete Property Rehabilitation Act and Brownfield Redevelopment Financing Act*

A property must meet the Brownfield Redevelopment Financing Act's (1996 PA 381; M.C.L. 125.2651) definition of "functional obsolescence," or "blighted," or the property must be a contaminated "facility" as defined in the Michigan Natural Resources and Environmental Protection Act of 1994 (PA 451 of 1994; M.C.L. 324.20101).

Accordingly, "*functionally obsolete*" is defined as property that is unable to be used to adequately perform the function for which it was intended, due to a substantial loss in value resulting from factors such as overcapacity, changes in technology, deficiencies or superadequacies in design, or other similar factors that affect the property itself or the property's relationship with other surrounding property.

"*Blighted*" is defined as property that meets any of the following criteria:

- (i) Has been declared a public nuisance in accordance with a local housing, building, plumbing, fire, or other related code or ordinance.
- (ii) Is an attractive nuisance to children because of physical condition, use, or occupancy.
- (iii) Is a fire hazard or is otherwise dangerous to the safety of persons or property.
- (iv) Has had the utilities, plumbing, heating, or sewerage permanently disconnected, destroyed, removed, or rendered ineffective so that the property is unfit for its intended use.
- (v) Is tax reverted property owned by a qualified local governmental unit, by a county, or by this state. The sale, lease, or transfer of tax reverted property by a qualified local governmental unit, county, or this state after the property's inclusion in a brownfield plan shall not result in the loss to the property of the status as blighted property for purposes of this act.
- (vi) Is property owned or under the control of a land bank fast track authority under the land bank fast track act, whether or not located within a qualified local governmental unit. Property included within a Brownfield plan prior to the date it meets the requirements of this subdivision to be eligible property shall be considered to become eligible property as of the date the property is determined to have been or becomes qualified as, or is combined with, other eligible property. The sale, lease, or transfer of the property by a land bank fast track authority after the property's inclusion in a Brownfield plan shall not result in the loss to the property of the status as blighted property for the purpose of this act.

"*Facility*" means any area, place, or property where a hazardous substance in excess of the concentrations which satisfy the requirements of the Michigan Natural Resources and Environmental Protection Act section 20120a(1)(a) or (17), or the cleanup criteria for unrestricted residential use under part 213 has been released, deposited, disposed of, or otherwise comes to be located. Facility does not include any area, place, or property where response activities have been completed which satisfy the cleanup criteria for the residential category provided for in section 20120a(1)(a) and (17) or which corrective action has been completed under part 213 which satisfies the cleanup criteria for unrestricted residential use.

## APPENDIX G MICHIGAN ECONOMIC GROWTH AUTHORITY

### *Definition of "High-Technology Activity" and "Qualified High-Technology Business"*

The State of Michigan defines a high-technology activity in the Michigan Economic Growth Authority statute (M.C.L. 207801 et seq.) (page 54). This definition is also used to define high-tech activities in Public Act 247 of 2000 (amendments to the Industrial Facilities Tax Abatement program (page 51)) and Public Act 248 of 2000 (amendments to the Local Development Finance Authority Act (page 83)).

A "*qualified high-technology business*" means a business with not less than 25 percent of the total operating expenses of the business used for research and development, *or* a business/facility whose primary business activity is a high-technology activity.

As defined in the Act, "*high-technology activity*" means one or more of the following:

- (1) Advanced computing, which is any technology used in the design and development of computer hardware and software, data communications or information technologies.
- (2) Advanced materials, which are materials with engineered properties created through the development of specialized process and synthesis technology.
- (3) Biotechnology, which is any technology that uses living organisms, cells, macromolecules, microorganisms, or substances from living organisms to make or modify a product, improve plants or animals, or develop microorganisms for useful purposes. Biotechnology does not include human cloning as defined in section 16274 of the public health code, 1978 PA 368, MCL 333.16274, or stem cell research with embryonic tissue.
- (4) Electronic device technology, which is any technology that involves microelectronics, semiconductors, electronic equipment, and instrumentation, radio frequency, microwave, and millimeter electronics, and optical and optic-electrical devices, or data and digital communications and imaging devices.
- (5) Engineering or laboratory testing related to the development of a product.
- (6) Technology that assists in the assessment or prevention of threats or damage to human health or the environment, including, but not limited to, environmental cleanup technology, pollution prevention technology, or development of alternative energy sources.
- (7) Medical device technology, which is any technology that involves medical equipment or products other than a pharmaceutical product that has therapeutic or diagnostic value and is regulated.
- (8) Product research and development.
- (9) Advanced vehicles technology, which is any technology that involves electric vehicles, hybrid vehicles, or alternative fuel vehicles, or components used in the construction of electric vehicles, hybrid vehicles, or alternative fuel vehicles. For purposes of this act:
  - a.) "Electric vehicle" means a road vehicle that draws propulsion energy only from an on-board source of electrical energy.
  - b.) "Hybrid vehicle" means a road vehicle that can draw propulsion energy from both a consumable fuel and a rechargeable energy storage system.
- (10) Tool and die manufacturing.
- (11) Competitive edge technology as defined in section 88a of the Michigan strategic fund act, 1984 PA 270, MCL 125.2088a. (The four competitive edge technologies are: life sciences technology; advanced automotive, manufacturing, and materials technology; homeland security and defense technology; alternative energy technology. For a detail description of each technology, please consult the section 88a.)

## APPENDIX H MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY

### *Definition of Eligible Distressed Areas*

The State Housing Development Authority Act (1966 PA 346), defines an Eligible Distressed Area as any of the following:

- (i) An area located in a city with a population of at least 10,000, which area is either designated as a “blighted area” by a local legislative body pursuant to Public Act No. 344 of 1945, MCL 125.71 to 125.84, or which area is determined by the authority to be blighted or largely vacant by reason of clearance of blight, if, with respect to the area, the authority determines all of the following:
  - (A) That private enterprise has failed to provide a supply of adequate, safe, and sanitary dwellings sufficient to meet market demand.
  - (B) That approval of elimination of income limits applicable in connection with authority loans has been received from the city in the form of either a resolution adopted by the highest legislative body in the city, or, if the city charter provides for the mayor to be elected at large with that office specifically designated on the ballot, provides that the office of the mayor is a full-time position, and provides that the mayor has the power to veto legislative actions of the legislative body of that city, a written communication from the mayor of that city.
- (ii) A municipality (city, village, or township) that meets all of the following requirements:
  - (A) The municipality shows a negative population change from 1970 to the date of the most recent federal decennial census.
  - (B) The municipality shows an overall increase in the state-equalized value of real and personal property of less than the statewide average increase since 1972.
  - (C) The municipality has a poverty rate, as defined by the most recent federal decennial census, greater than the statewide average.
  - (D) The municipality has had an unemployment rate higher than the statewide average unemployment rate for 3 of the preceding 5 years.
- (iii) An area located in a local unit of government certified by the Michigan Enterprise Zone Authority as meeting the criteria prescribed in section 2(d) of the Neighborhood Enterprise Zone Act (1992 P.A. 147).

# CRC Report

As of February 2006, there were 168 Eligible Distressed Areas in Michigan: 127 cities, 25 townships, and 16 villages. The following local units of government contained Eligible Distressed Areas:

## *Cities:*

Adrian	Albion	Allegan
Alma	Alpena	Ann Arbor
Bad Axe	Bangor	Battle Creek
Bay City	Benton Harbor	Bessemer
Big Rapids	Bronson	Burton
Cadillac	Carson City	Caspian
Center Line	Charlevoix	Charlotte
Cheboygan	Coldwater	Coleman
Corunna	Crystal Falls	Dearborn
Dearborn Heights	Detroit	Dowagiac
East Lansing	Eastpointe	Ecorse
Escanaba	Ferndale	Flint
Gaastra	Gaylord	Gibraltar
Gladstone	Gladwin	Grand Haven
Grand Rapids	Grayling	Hamtramck
Harbor Beach	Harper Woods	Harrison
Harrisville	Hart	Hartford
Hastings	Hazel Park	Highland Park
Hillsdale	Holland	Houghton
Howell	Inkster	Ionia
Iron Mountain	Iron River	Ironwood
Ishpeming	Ithaca	Jackson
Kalamazoo	Lake City	Lansing
Lapeer	Lincoln Park	Livonia
Ludington	Manistee	Manistique
Marquette	Marshall	Mason
Melvindale	Menominee	Midland
Monroe	Mt. Clemens	Mt. Morris
Mt. Pleasant	Munising	Muskegon
Muskegon Heights	Norton Shores	Norway
Oak Park	Omer	Onaway
Owosso	Petoskey	Pinconning
Pontiac	Port Huron	Portage
Reed City	River Rouge	Rogers City
Saginaw	Sandusky	Sault Ste. Marie
St. Ignace	St. Johns	St. Joseph
St. Louis	Southfield	Standish
Stanton	Sturgis	Tawas City
Taylor	Three Rivers	Traverse City
Trenton	Vassar	Wakefield
Warren	Wayne	West Branch
White Cloud	Wyandotte	Wyoming
Ypsilanti		

# Survey of Economic Development Programs in Michigan

---

## *Villages:*

Atlanta	Baldwin	Bellaire
Beulah	Caro	Cassopolis
Centerville	Eagle River	Kalkaska
L'Anse	Leland	Mio
Newberry	Ontonagon	Paw Paw
Roscommon		

## *Townships (County):*

Benton (Berrien)	Buena Vista (Saginaw)	Calumet (Houghton)
Carp Lake (Ontonagon)	Carrollton (Saginaw)	Champion (Marquette)
Columbia (Tuscola)	Duncan (Houghton)	Elba (Griiot)
Elmwood (Tuscola)	Emerson (Griiot)	Genesee (Genesee)
Marlette (Sanilac)	Minden (Sanilac)	Montrose (Genesee)
Mt. Morris (Genesee)	Oscoda (Iosco)	Pulawski (Presque Isle)
Redford (Wayne)	Royal Oak (Oakland)	Sebewaing (Huron)
Sheridan (Calhoun)	Spaulding (Saginaw)	Turner (Arenac)
Wisner (Tuscola)		

Source: Michigan State Housing Development Authority



# Survey of Economic Development Programs in Michigan

## Index

21 <sup>st</sup> Century Jobs Fund	foreword, 57, 121-122
Adjacent Lot Disposition Program	118
Authorities	73, 113, 114, 115
Blight	39, 41, 43, 62, 73, 95, 116, 145
definition under the Brownfield Redevelopment Financing Act	143
Brownfield Grants and Loans	123-127
state grants and loans	123-125
federal grants and loans	126-127
Brownfield Redevelopment Authorities	41, 73-76, 79, 103, 123-124
statute	39-41, 63, 73, 75, 118, 143
Brownfield Tax Credits	foreword, 41-43
Building Authorities	115
Business Improvement Districts (BIDs)	86-88
comparison table of various tax finance authorities in Michigan	92
Business Improvement Zones (BIZs)	86-88
Certification of Abandoned Property for Accelerated Foreclosure	95
Certified Business Parks	97-99, 131
Certified Development Companies (CDCs)	31
Community Development Entities (CDEs)	61-62
Certified Industrial Parks (see Certified Business Parks)	
Certified Local Governments (CLG)	46
Certified Technology Parks (SmartZones)	83-85, 92
Commercial Rehabilitation Tax Abatement	foreword, 42-43
statute	64
Community Development Block Grants (CDBG)	19, 22, 35
list of entitlement communities	137
Comparison Table of Various Tax and Finance Authorities in Michigan	92
Competitive-edge Technologies	121-122, 144
Conditional Land Transfers (PA 425s)	100-101
Cool Cities Grants and Planning Programs	foreword, 22-25
Corridor Improvement Authorities	foreword, 76, 79
comparison table of various tax finance authorities in Michigan	92
County Land Bank Fast Track Authorities (see Land Bank Fast Track Authorities)	
Description and Example of Tax Increment Financing	80
also see tax increment finance programs	
Disadvantaged Business Enterprise Program	27
Downtown Development Authorities	foreword, 19, 23, 35, 74, 76-79, 87, 90, 103
comparison table of various tax finance authorities in Michigan	92
list of	78-79
Empowerment Zone	5-7, 14-15, 54, 103
Employment Programs (see Job and Employment Training)	
Enterprise Communities	7, 14, 54, 139

Economic Development Corporations	34, 55, 74, 102
Economic Development Job Training Program	107
Eligible Distressed Areas	103, 139
definition of	145
list of	146
Exit-visa provisions	36, 65
recision of	52, 66, 70
“Facility”	41-43, 63, 73, 116
definition of	143
Federal Brownfield Grants	126
Federal Brownfield Loans	127
Federal Community Development Block Grants (see CDBG)	
Federal Small Business Administration Loans	31
also see United States Department of Commerce Small Business Administration	
Federal Zone Programs	3
Financing Programs and Tax Authorities	71
Foreign-Trade Zones	9-10
Freight Economic Development Program	1, 33, 34
Functionally obsolete	39-41, 73-75
definition of	143
Grants or Direct Subsidies	17
High-Technology	
definition of activity or business	144
programs encouraging the use of	50, 53, 83, 85
Historically Underutilized Business Zones (HUBZones)	11-13, 135-136
census tract designation by county	135
list of	12-13
Historic District Commissions in Michigan	49
Historic Districts	22, 45, 46, 81
Historic Neighborhood Tax Increment Finance Authority	foreword, 81
Historic Preservation Tax Credit	foreword, 44-46, 81
federal tax credits	47-49
Historic Preservation Funds (Grants)	46
Income Tax	64-65, 100
state credits	44-46, 47
Industrial Development Revenue Bonds	82
Industrial Facilities Tax Abatement (PA 198s)	50-52, 64-66, 103, 144
Industrial Parks (see Certified Business Parks)	
Job and Employment Training	105
Land Bank Fast Track Authorities	foreword, 39, 75, 117-118, 143
Land Reclamation and Improvement Authorities	115
Loans	29, 119
Local Development Finance Authorities	76, 83-84, 85, 90, 103



# Survey of Economic Development Programs in Michigan

comparison table of various tax finance authorities in Michigan	92
list of	84
statute	97, 144
Michigan Department of Environmental Quality (MDEQ)	73, 123-127
Michigan Department of Transportation (MDOT)	26-28, 33-34
Michigan Department of Treasury	46, 52, 56, 116
Michigan Economic Development Corporation (MEDC)	19, 40-41, 57, 85, 89, 97, 107
121-122, 131, 141	
Account managers and territories	138
Michigan Economic Growth Authority (MEGA)	40, 50, 53-55, 73, 83
statute	53-55, 144
Tax credits	foreword, 54-56
Michigan NextEnergy Authority	foreword, 56
Michigan Site Network	131
Michigan Small Business and Technology Development Centers	32
list of	141
Michigan State Housing Development Authority (MSHDA)	19, 21, 22-23, 25,
	46, 63, 118, 137, 147
statute	103, 137, 147
Michigan Strategic Fund (MSF)	20, 64, 68-69, 82, 89
statute	35, 89, 107, 144
Michigan Works!	107-109
Miscellaneous Economic Development Authorities	113
Miscellaneous Grant and Loan Programs	119
Miscellaneous Statewide Economic Development Programs	129
Neighborhood Enterprise Zone	foreword, 53, 58-59
list of zones	59
Tax	58-59, 64
New Market Tax Credits	14, 42, 60-61
Non-Profit Housing Property Development Program	118
Obsolete Property Rehabilitation Act	22, 44, 59, 63, 139, 143
tax abatement program	foreword, 44, 63-64
PA 198s (see Industrial Facilities Tax Abatement)	
PA 328s (see Waiver of Personal Property Tax)	
PA 425s (see Conditional Land Transfers)	
Personal Property Tax, waiver of	103
Principal Shopping Districts (PSDs)	19, 86-88
comparison table of various tax finance authorities in Michigan	92
Qualified Local Governmental Units	58-59, 62-63
definition and list of	139
Rail Loan Assistance Program	33, 34
Registered Apprenticeship (see School-to-Registered Apprenticeship)	
Renaissance Zones	foreword, 64-69, 103
list of	67-69

Renewal Communities	5, 7, 14, 103
School-to-Registered Apprenticeship Tax Credit	foreword, 111
Single Business Tax	foreword, 65
Act of 1975	39-41, 44-46, 53-55, 55, 63, 64, 111-112
credits	39-41, 44-46, 53-55, 56-57, 73
Site Assembly and Clearance Fund	35
Small Business	
administration (see U.S. Department of Commerce Small Business Administration)	
benefits for	5, 11, 31, 121
loans (see Federal Small Business Administration Loans)	
resources (see Michigan Small Business and Technology Development Centers)	
SmartZones (see Certified Technology Parks)	
State Brownfield Grants and Loans	123-127
revenue sources for	125
State Historic Preservation Office (SHPO)	44-46
State Land Bank Fast Track Authority (see Land Bank Fast Track Authorities)	
State Tax Commission	35, 50-51, 58-59, 62-63, 103
Tax Abatements or Credits	37
Taxable Bond Program	89
Tax Increment Finance Authorities (TIFAs)	80, 90-91, 103
list of	91
Tax Increment Finance Programs	
(see Brownfield Redevelopment Authorities (BRAs))	
(see Corridor Improvement Authorities)	
(see Downtown Development Authorities (DDAs))	
(see Historic Neighborhood Tax Increment Finance Authorities)	
(see Local Finance Development Authorities (LDFAs))	
(see Tax Increment Finance Authorities (TIFAs))	
Tax increment financing, description and example	80
Transportation Economic Development Fund (TEDF)	26
Twenty-First-Century Jobs Fund (see 21 <sup>st</sup> Century Jobs Fund)	
United States Department of Agriculture	1, 5, 7, 14
United States Department of Commerce Small Business Administration	1, 11-12, 31
United States Department of Housing and Urban Development	5, 7, 14, 137
United States Economic Development Administration (EDA)	1, 32
United States Environmental Protection Agency	73
grants and loans	126-127
United States Department of Treasury	61
Urban Land Assembly	36
Urban Redevelopment Corporations Law	102
“Urban Townships”	83, 86
definition of	83