

ECONOMIC DEVELOPMENT / REDEVELOPMENT INCENTIVES

2011

Community Development Block Grant (CDBG) -

Economic development projects are those involving activities directly related to a for-profit private business location or expansion project that will result in the creation of permanent jobs, with at least 51 percent of the jobs held by low and moderate-income people. To receive consideration for CDBG funding, the local government would initiate contact with the MEDC.

Transportation Economic Development Fund (TEDF) -

Eligible projects are those that address a transportation need (condition, safety or accessibility) that is critical to an economic development project that:

- 1) Relates to one or more of the following targeted industries:
 - Agriculture or food processing,
 - Tourism,
 - Forestry,
 - High technology research,
 - Manufacturing, or
 - Office centers of 50,000 square feet or more in size.
- 2) Will create or retain permanent jobs.
- 3) Is immediate and non-speculative.
- 4) Increases the tax base of the local area if the project applicant is a local unit of government and immediately and positively impacts local employment and the economy.

Industrial Facilities Tax (IFT)

Industrial plants eligible for tax abatement are those that primarily manufacture or process goods or material by physical or chemical change. Related facilities of Michigan manufacturers such as offices, engineering, research and development, warehousing or parts distribution are also eligible for exemption. The exemption applies to buildings, building improvements, machinery, equipment, furniture and fixtures. Real and personal property are eligible whether owned or leased (provided the lessee is liable for payment of taxes on the property).

Michigan Economic Growth Authority (MEGA) Program -

A refundable tax credit against the Michigan Business Tax (MBT) may be provided to companies expanding or relocating their operation in Michigan. Companies eligible for a MEGA Employment Tax Credit against the MBT are those engaged in manufacturing, mining, research and development, wholesale and trade, film and digital media, office operations, /or certain tourism projects.

Brownfield -

The state of Michigan provides Michigan Business Tax (MBT) credits, on a case by case basis, for projects that redevelop a contaminated, blighted or functionally obsolete property. Eligible property must be designated in a locally approved brownfield plan created under the Brownfield Redevelopment Financing Act (Act 381 of 1996). Eligible investments include the hard costs associated with demolition, construction, restoration, alteration, renovation or improvement of buildings or site improvements on eligible property and the addition of machinery, equipment and fixtures.

Commercial Rehabilitation Tax Abatement (PA 210) -

Encourages the rehabilitation of commercial property that is 15 years or older by freezing the taxable value of the building and exempting the new investment from local taxes. As defined, “commercial property” is a qualified facility which is primarily used in the operation of a commercial business. Land and personal property is not eligible for abatement under this act.



ECONOMIC DEVELOPMENT / REDEVELOPMENT TOOLS

Type	Available to Township	Available to City	Provider
Community Development Block Grant (CDBG)	Yes Must go through the state to receive funds	Yes City receives funds directly from federal gov.	MEDC (Township) HUD (City)
Transportation Economic Development Fund (TEDF)	Yes	Yes	MDOT
Industrial Facilities Tax (IFT)	Yes (12 years for real property; 6 years for personal property)	Yes (12 year increments)	Local
Local Development Finance Authority (LDFA) (Tax capture limited to certain businesses, can not be used for a warehouse)	No (Township is working to become eligible) (Could do a 425 with St. Johns)	Yes (see note)	Local
Personal Property Tax Exemptions (P.A. 328)	No (Township is working to become eligible) (Could do a 425 with St. Johns)	Yes	Local
Renaissance Zone	Possibly (Agricultural processing or renewable energy)	Yes	MSF for Ag. Processing or Renewable Energy
MEGA Program	Yes	Yes	MEDC
Brownfield	Yes	Yes	Local
Commercial Rehabilitation Tax Abatement (PA 210) (building must be more than 15 years old)	Yes	Yes	Local

TAX COMPARISON

Type	Township	City
Millage on \$1,881,300 of personal property	\$88,542	\$119,781
Millage on \$4,372,356 of building property	\$205,783	\$278,386
1% Income Tax on payroll of \$1,000,000		\$10,000
Total (difference = \$113,842 a year in taxes)	\$294,325	\$408,167