Survey of Economic Development Programs in Michigan

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Survey of Economic Development Programs in Michigan

Foreword

Since 1997, when the Citizens Research Council published *Selected Michigan Economic Development Programs -- 1997,* the scope of economic development policy has expanded significantly. This continued a trend that began long before publication of the Research Council's 1997 program guide. As recently as 1990, Michigan offered approximately half the number of economic development programs it does now. In addition to recently-enacted programs, several major programs that predate 1990 have been expanded considerably.

While such policy expansions usually result from the problem/response legislative process, what is unique about the past three years is that Michigan's economic development policy expansions were enacted amidst exceptionally low periods of state unemployment and a record-setting national economic expansion. Historically, large-scale economic development programs were enacted in the face of an economic crisis, such as the Industrial Property Tax Abatement program in 1974, when state unemployment rates were quadruple and interest rates nearly double current levels.

This seeming paradox of economic development policy expansion concurrent with low state unemployment and record-setting economic expansion is probably best explained by two phenomena absent until the 1990s. The first is that states are increasingly competing for business, and failure to expand economic development policies accordingly jeopardizes the ability to land significant projects. Second, the increasing specialization of economic development programs indicates a more narrowly-targeted approach to economic development policy. That is, economic development problems eliciting legislative responses often involve relatively specialized areas such as preservation efforts for historic structures, high technology business recruiting, and tax credits for environmental cleanup.

For these reasons, the Citizens Research Council of Michigan has updated its economic development guide of 1997 to include expanded program information, statutory citations, program changes, and an informal discussion category that attempts to shed light on program characteristics and history. This edition attempts to improve on the first by offering a wider range of programs and more detailed program descriptions. In addition, it includes several programs and statutory changes best described as having economic development as an implicit rather than explicit goal. This decision was driven by several alterations to Michigan's personal property tax laws, which affect businesses almost exclusively. Although there is no language in these Acts to the effect that the changes are enacted to stimulate economic development, this is clearly their intent.

Other inchoate economic development programs included here are the Waiver of Personal Property Tax, the Michigan Collateralized Securities Act of 1998, the Certification of Abandoned Property for Accelerated Foreclosure Act, and the Tax-Reverted Property Emergency Disposal Act.

The Citizens Research Council of Michigan wishes to thank the following individuals and organizations for their time, comments, clarifications, and suggestions: Alan Baumann of the United States Environmental Protection Agency; Rick Belloli of Focus:HOPE; Greg Capote of the City of Novi; Rick Chapla of the Right Place Program; Ed Clemente of the Southern Wayne County Chamber of Commerce; Sue DeVries of the Michigan Economic Development Corporation; Ray DeWinkle of The Right Place Program; Kelly Farr of CMS Energy; Rosemary Holland of the Michigan Department of Transportation; Lesley Lott of DaimlerChrysler Office of Tax Affairs; Mike Montgomery of Montgomery Consulting; Dan Oegema of the City of Grand Rapids; Gary Sands of the Geography and Urban Planning Department at Wayne State University; Darrel Schmalzel of the City of Walker; Dave Tyler of Wayne County; Doug Voshell of the Michigan Economic Development Corporation; Angelina Zemboy of Michigan Legal Services. Any material misstatements of fact remain ours.

Milestones in Michigan

Blighted Area Rehabilitation Act passed; urban blight statutorily defined; allows for the creation of Community Development Corporations

Creation of the Michigan State Department of Economic Development (1947); initial budget appropriation: $75,000 ($561,000 adjusted for inflation)

Michigan's first Foreign Trade Zone approved for Port of Detroit

Industrial Facilities Property Tax Abatement Program enacted

1940 1945 1960 1965 1970 1972 1974

Michigan passes Foreign Trade Zone Act to take advantage of 1934 Federal Foreign Trade Zone Act enabling legislation

1963 PA 116 repeals the Michigan State Department of Economic Development Act of 1947 and creates the Department of Economic Expansion

Michigan State Housing Development Authority created

Foreign Trade Zone approved for port of Sault Ste. Marie

Passage of the Economic Development Corporations Act that granted local units the color of "public purpose" when acquiring property for local development

Michigan passes enabling legislation for Downtown Development Authorities, the first statewide program to allow the use of tax increment financing (1975)

Passage of the Local Development Finance Authority Act; LDFAs replaced the less restrictive TIFA Act passed in 1980 to limit tax increment finance districts to manufacturing, agricultural and high tech processes

Commercial Facilities Property Tax Abatement Program sunsets

Appropriation made for economic development programs as administered by Department of Transportation, Transportation Economic Development Fund Program (TEDF) now offers grants and loans in five categories

1986 1987 1988 1989 1990

Michigan Enterprise Zone Program enacted; original Enterprise Zone legislation drafted to include only the City of Benton Harbor

Michigan Enterprise Zone Program amended to provide for a local zone administrator and to ease qualification standards for zone businesses claiming tax credits

Brownfield Authorities and Tax Credit program enacted

Michigan Enterprise Zone Program closes; replaced largely by Renaissance Zones

Passage of legislation to allow the waiver of personal property tax in designated areas, also known as PA 328s.

1996 1997 1998

Michigan Renaissance Zones Program enacted

Michigan Renaissance Fund created out of the Michigan Strategic Fund

Economic Development Policy

Commercial Facilities Property Tax Abatement Program enacted

Michigan Strategic Fund formed; originally designed as a revolving loan fund in the Michigan Department of Commerce

"Anti-pirating" provision of the Industrial Facilities Property Tax Abatement program repealed; replaced with "exit-visa" provision; decision on tax abatement grant given to local unit if they stand to lose 25 or more jobs

1978 1980 1981 1982 1983 1984 1985

Tax Increment Finance Authorities (TIFA) enabling legislation passed.

Conditional Land Transfer Agreement Act passed; allows local units to share economic development projects without annexation or state boundary commission involvement

Major amendments to Michigan's 1982 and 1994 environmental laws that removed most lender liability from sites that are environmentally contaminated or presumed to be such; also introduced more flexible cleanup standards to such sites

Passage of Federal Empowerment Zone Program, awards made in Michigan for 1 Empowerment Zone (Detroit) and 3 Enterprise Communities (Flint, Muskegon, and Lake County)

Michigan Economic Growth Authority formed; MEGA tax credit awards limited to 25 projects annually; program expanded in 2000

1991 1992 1993 1994 1995

Neighborhood Enterprise Zone Program Enacted

Michigan Department of Commerce eliminated by Executive Order; business assistance functions vested with Michigan Jobs Commission

Adoption of Proposal A of 1994; State Education Tax limited to 6 mills on homestead property; existing TIF districts held harmless for debt service

Michigan "SmartZones" (expansion of LDFA program for high tech public-private partnerships) awarded to cities of Battle Creek, Detroit, Lansing, Mount Pleasant, Kalamazoo, Grand Rapids, Muskegon, Houghton, Ann Arbor-Ypsilanti, and Romulus, and to Oakland County

Michigan Jobs Commission eliminated by Executive Order; functions split into newly-created Michigan Economic Development Corporation and Michigan Department of Career Services; Michigan Strategic Fund moved to Department of Management and Budget

Passage of major expansion of Michigan's Brownfield Tax Credit and Remediation law; changes include expansion of brownfield tax credit to $30M

1999 2000 2001

2.3 percent Single Business Tax phaseout begins (0.1 percentage point per year); SBT credit used as an incentive in numerous economic development programs in the state

Passage of Michigan Historic Preservation Tax Credit program; allows tax credits for up to 10% of approved costs associated with historic preservation efforts

Passage of Obsolete Property Rehabilitation Act; allows local units to establish obsolete property districts and tax credits for owners and lessors who rehabilitate or occupy obsolete properties

Survey of Economic Development Programs in Michigan

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Survey of Economic Development Programs in Michigan

Introduction

Economic development programs in Michigan are continuing on a course of expansion, diversity and specialization. The Michigan Economic Development Corporation (formerly the Michigan Jobs Commission) has done an ostensibly outstanding job of business retention and attraction (Michigan was ranked by *Site Selection* magazine in 2000 for the most business expansions nationally for the fourth year in a row), with assistance from local units of government where the businesses are sited.

While state and federal agencies offer ample information on economic development programs in Michigan, the absence of a central repository of major programs has prompted the Citizens Research Council to attempt such a compendium. CRC's Survey of Economic Development Programs in Michigan categorizes and describes over 40 federal and state economic development initiatives, and offers the reader an index of programs and program concepts for ease of use.

Major program categories include Federal Zone programs, Grants or Subsidies, Tax Abatements, Loans, Financing Programs and Authorities, and Jobs and Employment programs. Programs not befitting these are listed as "Other Local Unit Options," and include sundry economic development programs, and non-program, statutory adjuncts that facilitate development activities. Thumb-tabs in the margin allow for quick reference. It is important to note, however, that several programs could be categorized by more than one heading. For instance, the Economic Development Planning and Infrastructure Grant program has a loan component, and several other programs, including the Freight Economic Development Program, are structured as loan programs but function as grants if employment targets and other incentives are met by the program participant. Program classification was predicated, ultimately, on the primary mission of the program.

A previous economic development guide from the Research Council, *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. This report retains the uniform set of characteristics format where each program, where possible, is described with the following descriptors:

Enabling Act, Major Amendments and Statutory Citation
Summary Program Description
Benefits and Eligibility Criteria
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. Departments of Agriculture and Energy. Also, many local and county programs could not be included for the same reasons.

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. A similar program for smaller cities and rural areas, known as federal Enterprise Communities, is described on page 3. Round I Empowerment Zones were awarded in late 1994 and became active in 1995. A second round of Empowerment Zones that included awards for Rural Empowerment Zones (each of the Round I Zones are urban) were awarded in 1999. Round II Empowerment Zone awards were made to 15 urban zones and 6 rural zones, with different benefits and qualification standards than Round I zones. Administered by the U.S. Department of Housing and Urban Development.

For a more thorough description of Round I and Round II Empowerment Zones, visit the Empowerment Zone/Enterprise Community website at www.ezec.gov.

The City of Detroit has Michigan's only Empowerment Zone, awarded in the first Round of Empowerment Zones. It includes the following 48 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	5209	5211	5212
5213	5214	5215	5218	5219	5220	5231
5232	5233	5234	5235	5237	5238	

Benefits and Eligibility Criteria

Grant Funding -- $100 Million in Title XX funds to each of the six original Empowerment Zones. Title XX funding 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. Empowerment zones 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).

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. Empowerment Zones designated by census tracts only. Urban zone population not to exceed 10 percent of the population of the most populous city in the Zone application, or 200,000, whichever is less. Rural Empowerment Zones have a maximum population of 30,000. Tracts comprising the Empowerment Zone 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 Empowerment Zone must form one contiguous zone; water boundaries are not considered as breaks in contiguity.

Terms and Performance Guarantees

Round I and II Empowerment Zones are subject to the following time provisions:

Phase I Empowerment Zones: 10 years (January 1, 1995 through December 31, 2004).

Phase II Empowerment Zones: 10 years (January 1, 1999 through December 31, 2008).

Socioeconomic and Program Data

Detroit's Empowerment Zone, according to the 1990 census, had the following physical and economic characteristics:

Size: 18.35 square miles, approximately 13 percent of the city.

Poverty Rate: 47 percent. 65 percent of children age five and under, and 63 percent of all children 17 and under live in poverty.

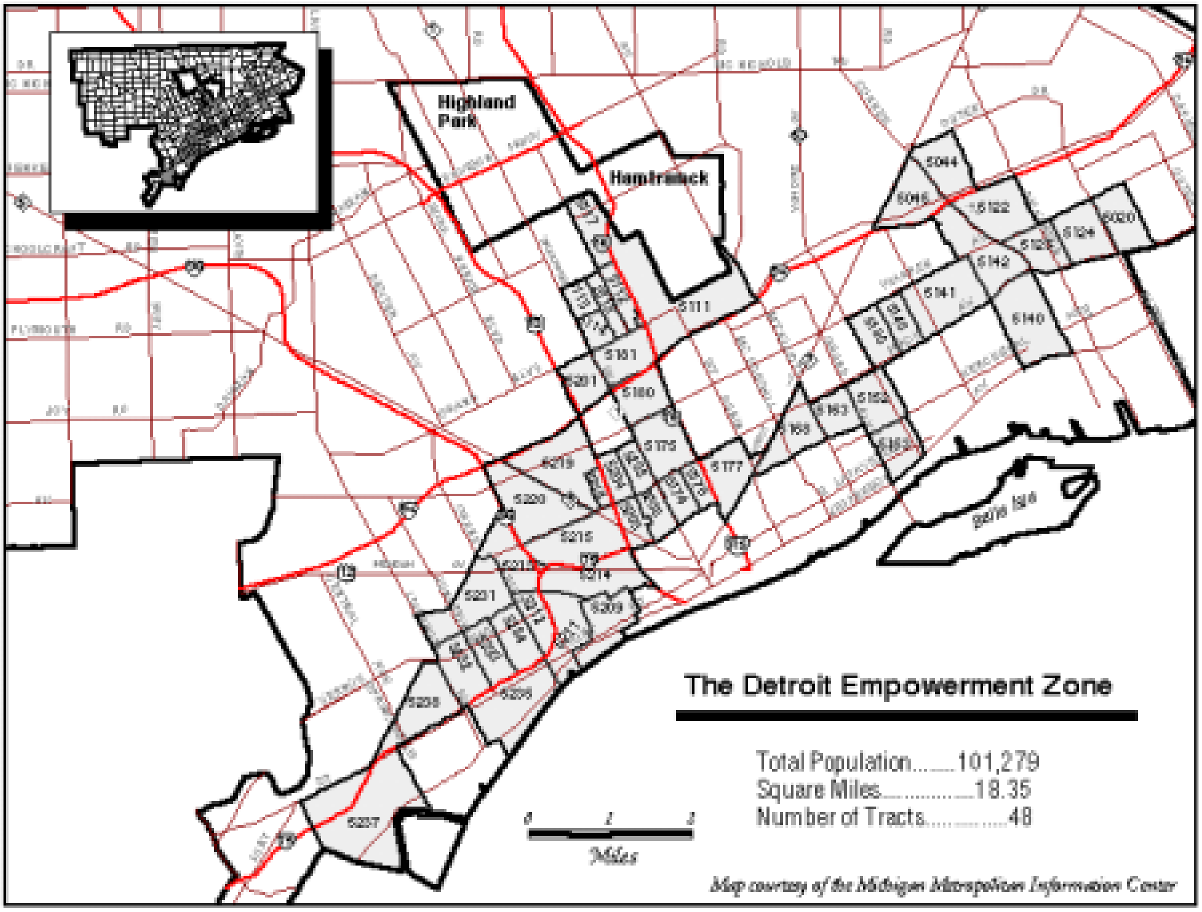
Median family income: $9,870 ($18,740 for non-zone part of city)

Unemployment: 29 percent.

The Empowerment Zone offers a diverse set of community-based development initiatives. These include a consortium of financial institutions that have pledged to lend $1 billion to zone projects, and Title XX funding to Focus:HOPE for zone resident-specific job training. Other Empowerment Zone programs include the One Stop Capital Shop and an international trade hub in the southwest sector.

Empowerment Zone, continued

Federal Zone Programs



In mid-2000, Mayor Dennis Archer reported that Detroit's Empowerment Zone had enjoyed over $6 billion in new investment or commitments since its inception in 1995. Comerica Bank reported in mid-1999 that the zone had benefited from $1.2 billion in investment from small to medium-sized development projects, including residential projects and modest-sized businesses and manufacturers. The amount invested attributable to Empowerment Zone incentives is unknown.

While local media report mixed success in the Detroit Empowerment Zone, the U.S. Department of Housing and Urban Development reported in 2000 that the Detroit Empowerment Zone ranked highest, relative to other Empowerment Zones, in terms of private capital investment through 1999.

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 emerging 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.

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.; M.S.A. 3.540 (2601)

Summary Program Description
With many of the same program benefits as federal Empowerment Zones, Enterprise Communities are effectively Empowerment Zones for areas that did not meet Empowerment Zone population and geographic size requirements. Enterprise Communities, like Empowerment Zones, come in urban and rural classifications. Michigan has three urban (Clare County, City of Flint, and City of Muskegon Heights) and one rural (Lake County) Enterprise Community. Nationally, there are a total of 95 Enterprise Communities (61 urban; 34 rural), and four "Enhanced Enterprise Communities."

Benefits and Eligibility Criteria
Benefits include up to $3 million in program funding per Enterprise Community and tax-exempt bond financing similar to Empowerment Zones. Enterprise Communities do not offer the federal wage credit incentive offered to Empowerment Zone businesses, or the benefit of federal tax code section 179 expensing.

Poverty rate thresholds are the same as Empowerment Zones, though discretion exists with the United States Department of Housing and Urban Development to lower poverty rate thresholds. Population limits same as Empowerment Zones (not to exceed 10 percent of the population of the most populous city in the Enterprise Community application, or 200,000, whichever is less).

Terms and Performance Guarantees
Enterprise Communities benefits expire ten years after designated start date, expiring December 31, 2004.

Changes Since Program Inception
In 1998, funding for an additional five rural enterprise communities was approved. This second round of enterprise communities is administered by the U.S. Department of Agriculture. Clare County was the sole Round II Enterprise Community designation in the state of Michigan, out of 20 such awards made nationally.

Data and Source
Michigan's Enterprise Communities include parts of the following four areas:

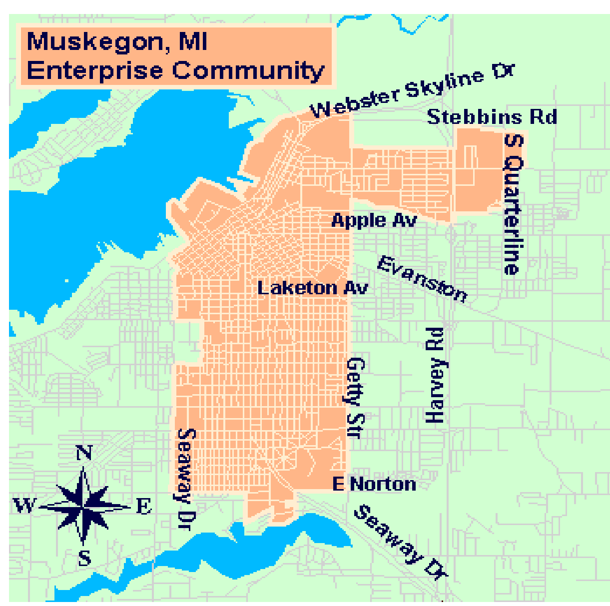
Clare County - Census Tracts 9801, 9802, 9805, 9808, 9809, 9810, 9811

City of Flint - Tracts 2, 4, 6, 8, 11, 14, 15, 17, 18, 20, 21, 22, 25, 28, 103.04

Lake County - Tracts 9604, 9605, 9606, 9607

City of Muskegon Heights - Tracts 1, 2, 3, 5, 6.01, 6.02, 7, 11, 12, 13, 14.01, 14.02

Discussion
Enterprise Communities are accurately described as smaller-scale Empowerment Zones, but with fewer benefits than Empowerment Zones.



Foreign Trade Zones

Federal Zone Programs

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); Public Act 154 of 1963; 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, Foreign Trade Zones 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 Foreign Trade Zone 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.

Benefits and Eligibility Criteria

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. Illustrating 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, manufactured, sampled, manipulated, salvaged, relabeled, mixed, destroyed, repackaged, cleaned or processed, to benefit from the reduced duty schedules.

All United States 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, Sault Ste. Marie, and Ypsilanti.

Non-port-of-entry sites that apply for Foreign Trade Zone Status are subject to stricter requirements before being awarded "subzone" status as a Foreign Trade Zone.

There are two types of Foreign Trade Zones: General Purpose and Subzones, described here.

General Purpose FTZ Requirements

General Purpose Foreign Trade Zones must be within a 60 mile radius of the parent port-of-entry. According to the National Association of Foreign Trade Zones, General Purpose Foreign Trade Zones are established for multiple activities by multiple users, as compared to Subzone Foreign Trade Zones, which typically involve a business that does not have practical access to a General Purpose Zone.

Subzone FTZ Requirements

Each U.S. Port of entry is entitled to a zone project -- more only if need is shown. Applicants (usually public entities) must have a suitable plan including provisions for facilities and financing. A need for the proposed zone must be shown in terms of the local economy and overall economic development objectives. Zone manufacturing is reviewed under "public interest" criteria -- authorization is limited to situations consistent with trade policy and net positive economic effects. Subzone applicants must demonstrate a public benefit in addition to meeting the general manufacturing criteria.

Data and Source

Michigan has six active Foreign Trade Zones. The following list includes zone number, year of establishment, subzones associated with, 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)

43B - **Mead Johnson Nutritionals Group**

Detroit (FTZ No. 70, est. 1981)

70A - **Ford Motor Corp.**, Romeo MI, 7/21/81
70B - **DaimlerChrysler** Corp., Detroit MI, 1/22/82
70C - **Ford Motor Corp.**, Wayne MI, 1/24/83
70D - **Ford Motor Corp.**, Wixom MI, 9/29/83
70E - **Ford Motor Corp.**, Dearborn MI, 9/29/83
70F - **General Motors Corp.**, Ypsilanti MI, 7/26/84
70G - **General Motors Corp.**, Pontiac MI, 7/26/84
70H - **DaimlerChrysler Corp.**, Sterling Heights MI, 4/10/85
70I - **Mazda Motor Corp.**, Flat Rock MI, 4/1/86
70J - **DaimlerChrysler Corp.**, Trenton MI, 6/29/87
70K - **General Motors Corp.**, Detroit/Hamtramck MI, 12/14/88
70L - **General Motors Corp.**, Orion Twp. MI, 12/14/88
70M - **General Motors Corp.**, Lansing MI, 12/14/88
70N - **Chrysler Corp.**, Detroit MI, 12/22/89

Foreign Trade Zones, continued

Federal Zone Programs

70P - **Chrysler Corp.**, Detroit MI, 12/22/89
70Q - **Chrysler Corp.,** Detroit MI, 12/22/89
70R - **Chrysler Corp.,** Detroit MI, 12/22/89
70S - **BASF Corp.**, Wyandotte MI, 8/02/95
70T - **Marathon Oil Corp.**, Detroit MI, 3/10/97

Flint (FTZ No. 140, est. 1987)

140A - **General Motors Corp**., Flint MI, 4/3/87
140B - **Dow Chemical Corp**., Midland MI, 10/20/88

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

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

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

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

Bay County, Michigan 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. For additional data on the Greater Detroit Foreign Trade Zone, visit www.gdftz.com.

According to the International Trade Administration of the U.S. Department of Commerce, Foreign Trade Zones exist (as of 1996) in 220 communities throughout 49 states.

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).

However, according to the Executive Secretary of the Foreign-Trade Zones Board, who wrote in 1997:

> The level of demand for FTZ procedures has followed the overall growth trend for global trade and investment. Presently, some 150 FTZ projects are in operation and, as part of their activity, over 180 manufacturing plants are operating with subzone status (of the 90 applications currently pending with the FTZ Board, 50 are for subzone status). Warehousing and manufacturing activity combined account for incoming zone shipments of some $165 billion annually, and over 2,800 firms employing over 315,000 persons are now using FTZ procedures. These numbers represent the sum of a pattern of growth that stretches over the past 25 years, averaging 15 percent each year.
>
> John J. Da Ponte Jr., Remarks for the NAFTZ 25th Annual Seminar/Conference & Exposition Tampa, Florida October 21, 1997 Published (Edited Version) in Business America December 1997.

Historically Underutilized Business Zones

Federal Zone Programs

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 business in qualified HUBZones (Historically Underutilized Business Zones) preferential treatment in the federal government contracting process. According to the United States Small Business Administration, HUBZones exist (as of 1996) in 220 communities throughout 49 states.

Benefits and Eligibility Criteria
Qualified businesses in qualified census tracts are eligible for federal governmental contracting preferences. Contracting preferences, qualified HUBZone census tracts, and qualified business are as follows:

Contracting Preference Limitations
A qualified HUBZone business may not exceed a 10 percent difference beyond and such bids offered by non-HUBZone businesses.

HUBZone Criteria
Historically underutilized business zones are census tracts in which 50 percent or more of the households have an income less than 60 percent of the median income for the area, based upon the most recent census data. Discretion is allowed for the Secretary of Housing to allow exceptions when insufficient tract data is available to assure that low income standards are met.

Business Qualifying Criteria
Businesses in qualified HUBZones must meet certain requirements for program eligibility. These are:

1. The business must comply with size standards from the U.S. Small Business Administration. These include businesses that are up to:

   a. 500 employees for most manufacturing and mining industries

   b. 100 employees for all wholesale trade industries

   c. $5 million in annual sales for most retail and service industries

   d. $17 million in annual sales for most general and heavy construction industries

   e. $7 million in annual sales for special trade contractors

   f. $5 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 wholly-owned and controlled by one or more United States citizens.

Program or Incentive Limitations
The Small Business Reauthorization Act of 1997 increases the overall government wide procurement goal for small business from 20 percent to 23 percent. The statute sets the goal for HUBZone contracts as follows:

1999 - 1% 2000 - 1½ % 2001 - 2%
2002 - 2½% 2003 (and each year thereafter) - 3%.

Until September 30, 2000, the HUBZone Empowerment Contracting Program applies only to procurement activities of the following Federal agencies:

U.S. Department of Defense (DOD)
U.S. Department of Agriculture (USDA)
U.S. Department of Health and Human Services (HHS)
U.S. Department of Transportation (DOT)
U.S. Department of Energy (DOE)
U.S. Department of Housing and Urban Development (HUD)
U.S. Environmental Protection Agency (EPA)
U.S. National Aeronautics and Space Administration (NASA)
U.S. General Services Administration (GSA)
U.S. Department of Veterans Affairs (VA)

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

Entire Counties with HUBZone designation:

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

Historically Underutilized Business Zones, continued

Federal Indian Reservations with HUBZone Designation:

Bay Mills Reservation (Chippewa County)
Grand Traverse Reservation (Leelanau County)
Hannahville Community (Menominee County
Isabella Reservation (Isabella County)
L'Anse Reservation (Baraga County)
Lac Vieux Reservation (Gogebic County)
Ontonagon Reservation (Ontonagon County)
Pine Creek Reservation (Calhoun County)
Sault Ste. Marie Reservation (Chippewa County)

Discussion

This recent 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.

Economic Development Planning and Infrastructure Grants

Enabling Act; Statutory Citation

1984 PA 270 (Michigan Strategic Fund Act); M.C.L. 125.2001 et seq., M.S.A. 3.541(201)

Summary Program Descriptions

Grants or Subsidies

Administered by the Michigan Economic Development Corporation, the Michigan Strategic Fund offers these programs to defray costs associated with site development for brick and mortar economic development projects. Grants and low-interest loans are available for qualified projects, with a required local funding match of 10 percent for the larger infrastructure grants.

Benefits and Eligibility Criteria

Economic Development Planning Grants

Planning grants are available to local units of government with fewer than 50,000 in 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.

Economic Development Infrastructure Grants

A competitive grant program to assist local units of government with costs associated with public infrastructure improvements necessary to attract state-targeted businesses, generally limited to value-added industries. Economic Development Infrastructure Grants come in two types: those funded with federal Community Development Block Grant Funds (CDBG) through the MEDC and those funded by the Michigan Strategic Fund through the MEDC. Local units with less than 50,000 in population and non-urban counties are eligible for CDBG-funded infrastructure grants; local units with at least 50,000 in population and urban counties are eligible for local (county) CDBG funds.

Data and Source

Community Development Block Grants - The fiscal year 2002 recommendation includes $60 million in federal revenue to support grants for economic development public infrastructure projects and land acquisition, clearance, and rehabilitation. This represents a $10 million increase from fiscal year 2001 and will ensure that additional resources are directed to local communities throughout the state. Priority is given to projects involving manufacturing businesses and projects that result in the creation of new jobs. This funding is available to communities of under 50,000 in population.

Recent press releases from the Michigan Economic Development Corporation include:

- a $349,688 industrial park loan to Buena Vista Township, Saginaw County for the Commerce Centre Industrial Park. The loan will be used for new road, extension of water and sewer and a water retention pond. The project is expected to result in the creation of 50 new full-time jobs.

- a $235,285 economic development infrastructure grant to the City of Hamtramck, Wayne County, for the Kowalski Company. The grant will be used for the relocation and relining of an existing sewer line. The project is expected to result in the creation of 10 new full-time jobs.

- a $75,000 economic development-planning grant to Bertrand Township, Berrien County, for the Bertrand Crossing Industrial Park planning project. Bertrand Township will use this grant for a planning study, which will include: The development of a final conceptual plan for phase II of the Bertrand Crossing Industrial Park; preparation of engineering plans and development cost estimates; legal and administrative costs associated with the development.

- a $400,350 Economic Development Financing Agreement to Big Rapids Township, Mecosta County for the Pioneer Group Industrial Park. The loan will be used for road improvements and utility extensions of gas and electric to the industrial park. The industrial park project is expected to result in the creation of 40 new full-time jobs.

Michigan Core Cities Fund

Enabling Act; Statutory Citation

2000 PA 291 (Supplemental Appropriations Act)

Summary Program Description

A $50 million legislative appropriation to the Michigan Strategic Fund for the creation of a Core Communities Fund for urban redevelopment, revitalization and infrastructure improvements through grants and loans to applicant local units of government. Applications judged competitively. The Core Communities Fund will also serve to fund the implementation of Certified Technology Parks, discussed on page 37.

The Michigan Core Communities Fund was established to assist Michigan communities with land acquisition and structural costs associated with economic development projects.

The primary goals of the Michigan Core Communities Fund are to:

- Promote private investment and job creation, particularly in advanced manufacturing, information technology, and life sciences
- Encourage mixed-use development in central cities (defined as office, technical, commercial, service, cultural or entertainment facilities)
- Redevelop or reuse obsolete buildings or nonmarketable sites
- Effectively compete for interstate or international projects
- Promote development of Certified Business/Technology Parks
- Enhance quality of life and strengthen the economic base while reducing sprawl

Benefits and Eligibility Criteria

Benefits to qualifying communities include direct grants and subsidies for land acquisition, building demolition, and environmental remediation.

Applicant local units of government must be an eligible distressed community (see Appendix A). Local units hosting Certified Technology Parks (page 38) are also eligible for Core Cities funds upon application.

Terms and Performance Guarantees (courtesy of the Michigan Economic Development Corporation)

Grants or Subsidies

Award Process: Eligible communities interested in Core Cities funding must first submit a Notice of Intent (NOI). The Michigan Economic Development Corporation will invite those communities whose proposals best meet Core Cities objectives to submit a full application. Funding decisions will be made quarterly. Application deadlines are September 1, 2000; January 1, April 1, and July 1, 2001. Not more than $12.5 million will be awarded per application period, and no community will be awarded more than $10 million.

Eligible Activities: The MEDC Core Cities Fund is designated to provide gap-financing assistance in the form of loans, grants, sales or cash flow participation agreements, guarantees, or any combination thereof. Funding is available for projects in one of three categories:

Economic Development: Projects that involve the creation of full-time jobs as a direct result of the infrastructure improvements; or development of a Certified Business Park.

Community Product Development: Projects that are indirectly associated with a private development project, but will help create the environment for successful projects and also contribute to the community's institutional capacity or quality of life.

Certified Technology Parks: For those communities that have been awarded Certified Technology Park status, also known as "SmartZone" designation, the community can apply for financing to expedite its development. See page 38 for information on Certified Technology Parks.

Ineligible Activities

Funds shall not be awarded for activities which support: a gaming facility or stadium or arena for use by a professional sports team; land or other facilities owned or operated by a gaming facility or by a stadium or arena for use by a professional sports team; publicly owned land or facilities which may directly or indirectly support a gaming facility or stadium or arena by a professional sports team.

Transportation Economic Development Fund Grants

Enabling Act; Statutory Citation
1987 PA 231; M.C.L. 247.909, M.S.A. 9.393(109)

Summary Program Description
Grants or Subsidies

The Michigan Department of Transportation (MDOT) administers an Office of Economic Development that manages several types of Economic Development programs under the Transportation Economic Development Fund. Grant programs A, C, D, E, and F (B discontinued) 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 including advanced traffic management systems. **Category D** grants seek to fund projects that complement the state trunkline system in rural areas, and **Category E** grants seek to create and improve forest roads. **Category F** grants are dedicated for road improvement for urbanized areas in rural counties.

The balance of MEDF grant descriptions is limited to Category A grants, as these have industry-targeted economic development as the primary program objective.

Benefits and Eligibility Criteria
Category A Grants

According to MDOT, four objectives of TEDF Category A projects are:

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;

4. To encourage economic developments that improve the health, safety and welfare of Michigan citizens.

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. Local agencies will be able to let and administer construction contracts, as well as have greater responsibility in project planning.

Data and Source
Category C grants approved in FY 1997-98 include 15 projects in Genesee, Kent, Oakland, and Wayne Counties.

In FY 1997-98, MDOT awarded 36 projects in 22 counties throughout Michigan. Grant amounts ranged from $38,000 to $3.4 million, with a median grant award of $340,000. Source: Michigan Department of Transportation

1997-98 Fiscal Year Appropriation: $14,885,400.
Source: Michigan House Fiscal Agency.

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 socially and economically-disadvantaged business concerns. Certified Disadvantaged Business Enterprises are eligible for MDOT contract awards, training opportunities, and technical and business support services.

"Minority business enterprise" means a business enterprise that is owned or controlled solely by 1 or more socially or economically disadvantaged persons. The disadvantage may arise from cultural, racial, chronic economic circumstances or background, or other similar cause.

MDOT proposes a Disadvantaged Business Enterprise Goal of 12 percent (of contract dollars let) for FY 2001. For more information, see the Michigan Department of Transportation site at www.mdot.state.mi.us/business/dbeinfo.htm.

Brownfield Tax Credits

Enabling Act, *Major Amendments*; Statutory Citation

1996 PA 381, *2000 PA 145*; M.C.L. 125.2651 et seq. ; M.S.A. 3.540 (2651); (Tax Credits) 1975 PA 228; M.C.L. 208.38d; M.S.A. 7.558 (38d); (Federal Programs) Taxpayer Relief Act of 1997; P.L. 105-34

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 available for qualified expenses incurred for assessment and remediation of qualified brownfield properties.

Brownfield tax credits are allowed only in state-approved Brownfield Redevelopment Authorities (BRAs), described on page 31.

The federal government also offers tax and other incentives for brownfield remediation (see page 12).

Benefits and Eligibility Criteria

Up to 10 percent of the qualified costs for brownfield assessment and remediation are eligible for a single business tax credit. 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 ten years.

Eligible investment means demolition, construction, restoration, alteration, renovation, or improvement of buildings on eligible property and the addition of machinery, equipment, and fixture to eligible property after the date that eligible activity on that eligible property has started, pursuant to a brownfield plan under the brownfield 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 other source other than the taxpayer.

Eligible property means property that is a facility as that term is defined in section 20101 of part 201 (environmental remediation) of the Natural Resources and Environmental Protection Act, PA 451 of 1994, being section 324.20101 of the Michigan Compiled Laws, or property that was a facility as defined in section 20101 of PA 451 of 1994 prior to the completion of eligible activity pursuant to a brownfield plan under the brownfield redevelopment financing act.

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

(i) Owns or leases an eligible property that is located within a brownfield redevelopment zone designated pursuant to the brownfield redevelopment financing act and on which eligible activity has started pursuant to a brownfield plan under the brownfield redevelopment financing act.

(ii) The taxpayer is not liable under section 20126 of part 201 of PA 451 of 1994, being section 324.20126 of the Michigan Compiled Laws, for response activity at an eligible property to which the credit is attributable.

Applicant projects must be sited in an approved Brownfield Authority.

Terms and Performance Guarantees

Up to 15 projects annually are eligible for tax credits of over $1 million; one project annually approved for tax credits of up to $30 million. Application for brownfield tax credits of $1 million or more must be made to the Michigan Economic Growth Authority (MEGA), a statutorily-created body in the Michigan Economic Development Corporation (see page 20 for a description of MEGA).

The Brownfield Tax Credit Program sunsets December 31, 2002.

Changes Since Program Inception

2000 PA 145 amended Brownfield Act of 1996 to extend the sunset date for brownfield tax credits for two years beyond the original sunset date of December 31, 2000. The amendments also significantly increased the maximum tax credit to $30 million (allowable to only one project annually) from a previous ceiling of $1 million per project. The amendments also expanded the class of creditable remediation expenses to include the removal of obsolete structures on approved brownfield sites.

Data and Source

In the year 2000, the Michigan Department of Environmental Quality reports investment in brownfield properties of approximately $1.75 billion, nearly a 75 percent increase over the previous year.

According to Alan D. Wasserman of Fink, Zausmer P.C., the Underground Storage Tank Division and the Environmental Response Division of the Michigan Department of Environmental Quality estimates that there are approximately 10,000 brownfield sites in Michigan (see Michigan's Brownfields Development in Detroit College of Law Review, www.dcl.edu/lawrev/97-4/wasserman.htm).

Brownfield Tax Credits, continued

Through April 2000, the Environmental Response Division of the MDEQ reports grant and loan totals for the following program types:

Waterfront Grants	35 projects,	$47,071,033
Site Reclamation Grants	56 projects,	$32,413,282
Site Assessment Grants	99 projects,	$ 7,889,951
Revitalization Loans	14 projects	$ 4,679,987

Discussion

Among the most discussed topics in economic development in the 1990s, brownfield tax credits are private sector incentives for cleanup and reuse of contaminated industrial property.

Tax Abatements or Credits

Federal Brownfield Incentives

The federal Taxpayer Relief Act of 1997 provides for federal tax credits for approved remediation costs associated with brownfield properties in targeted areas, namely:

properties within a 1990 census tract with a poverty rate of 20 percent or more, or properties within a 1990 census tract with a population of less than 2,000 if

(a) more than 75 percent of the tract is zoned for a commercial or industrial use, and

(b) the tract is next to another census tract(s) with a poverty rate of 20 percent or more, or

(c) properties within any federally-designated Empowerment Zone or Enterprise Community, or properties within a US Environmental Protection Agency (EPA) Brownfields Pilot project area announced before February 1, 1997.

Sites on the Superfund National Priority List are not eligible for the Brownfields Tax Incentive. Visit the EPA Superfund website at http://www.epa.gov:80/superfund/oerr/impm/products/npl/npl.htm for a complete listing of Superfund sites in Michigan.

Other federal EPA brownfield resources include the Revolving Loan Fund Pilot program and the Targeted Brownfields Assessments program.

Revolving Loan Fund Pilot Programs

As of January 2001, Michigan is host to five EPA Revolving Loan Fund Pilot programs, each designed to leverage federal funds with state and local funds for brownfield remediation, and, as pilot projects, to obviate problems and to seek suitable methods for state and local finance of brownfield remediation statewide. These are:

City of Battle Creek   City of Dearborn   City of Detroit   City of Trenton   Wayne County

For information on these pilot programs in Michigan visit the EPA website at www.epa.gov/brownfields.

Targeted Brownfields Assessments

The Environmental Protection Agency's Economic Redevelopment Initiative offers funding and technical assistance 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 (courtesy of the EPA):

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.

Brownfield Tax Credits, continued

Federal Brownfield Incentives, continued

Targeted Brownfields Assessment funding may only be used at sites as authorized by the Comprehensive Environmental Response, Compensation and Liability Act (Superfund) of 1980, as amended by the Superfund Amendments and Reauthorization Act of 1986. Sites contaminated only with petroleum products are not eligible.

Project selection criteria include (but not limited to):

1. Site control and ownership transfer is not an impediment--preference will be given to sites that are publicly owned, either by a municipality or quasi-public entity such as a community development corporation.

2. There is a strong municipal commitment of resources to other components of the project.

3. There is a clear municipal/community vision and support for property revitalization.

4. There are adequate leveraged funds available for cleanup and redevelopment, and/or the site has strong developmental potential (perhaps demonstrated by past or present developer interest).

5. EPA assessment assistance is crucial to the site's redevelopment; lack of an assessment has proven to be an obstacle at the site.

6. Existing information supports redevelopment; the site will likely have low to moderate contamination levels, and redevelopment will provide tangible benefits to the community.

7. The project area has a clear need for revitalization evidenced by significant deterioration and/or significant environmental justice issues.

8. There is clear coordination between the EPA Region and the State or Tribe.

9. The Targeted Brownfields Assessment is consistent with other EPA and federal agency initiatives; the site has an important link to other EPA/State or EPA/Tribal initiatives; a direct health or environmental threat will be mitigated or site revitalization will serve to spur further beneficial activity in the surrounding area.

Fiscal Year 2001 funding for the Brownfields Cleanup Revolving Loan Fund (BCRLF) program and the Targeted Brownfields Assessment program includes up to $1 million BCRLF loans and grants (per project); $200,000 site assessment grants; $150,000 supplemental site assessment grants; and $200,000 job training grants for training in assessment and remediation. The number of awards is made on a year to year basis with national competition for each grant. Contact the Michigan Department of Environmental Quality for state information on EPA programs.

Enterprise Zones

Enabling Act, *Major Amendments*; Statutory Citation
1985 PA 224, *1990 PA 80, 1994 PA 230*; M.C.L. 125.2101 et seq.; M.S.A. 3.540 (301)

Summary Program Description
Michigan's first targeted tax-incentive zone program, the Enterprise Zone program took the idea, first discussed at the federal level in the early 1980s, to target specific areas with tax incentive for investment and job creation. The Enterprise Zone Act of 1986 was drafted to include the entire City of Benton Harbor as the state's sole enterprise zone. Michigan's Enterprise Zone program is now closed to new applicants, and tax credit eligibility for existing applicants expires December 31, 2004.

Tax Abatements or Credits

Benefits and Eligibility Criteria
For enterprise zones created before 1994 (Benton Harbor only), certified zone businesses are eligible for a 50 percent abatement of personal property taxes. Wage credits for hiring zone residents are also available.

Qualified enterprise zone employers (owners and lessors) may claim exemptions against real and personal property taxes on new or expanded business operations for a period of up to 10 years or December 31, 2004, whichever comes first.

Qualifying local governmental units are defined by the Michigan Enterprise Zone Authority, a seven-member board comprised of the head of the MEDC and the Department of Treasury and five gubernatorial appointees.

Upon designation of Federal Empowerment Zones and Enterprise Communities in 1994, Michigan allowed any such local units of government so designated to apply for state enterprise zone status.

Terms and Performance Guarantees
Enterprise Zone legislation expired on December 31, 1996. Though closed to new qualified businesses, those approved before expiration of the Act may enjoy up to ten years of enterprise zone benefits beyond their approval date.

Changes Since Program Inception
In 1990, the Enterprise Zone Act was amended to provide funding for a local enterprise zone administrator.

Upon the award of the federal Empowerment Zone (see page 1) and Enterprise Communities (page 3) the State of Michigan offered state enterprise zone status to all such federal zones in the state.

Data and Source
According to the State Policy Center at Wayne State University, between 1986 and 1993 the Benton Harbor Enterprise Zone received over $75 million in new investment, and has benefited from over 800 new jobs.

Discussion
The now-closed Enterprise Zone program was a precursor to the better-known Federal Empowerment Zone/Enterprise Community program and State Renaissance Zones. Given that the original Enterprise Zone was drafted to included only one local unit of government, one may surmise that Michigan's State Enterprise Zone program was more of an experiment rather than a comprehensive economic development program.

Historic Preservation Tax Credit

Enabling Act(s), *Major Amendments*; Statutory Citation
1999 PA 534, 1999 PA 535, *1999 PA 213, 1999 PA 214*; M.C.L. 208.39c, M.C.L. 206.266

Summary Program Description
A tax incentive-driven program 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. Administered by the State Historic Preservation Office and the Department of Treasury.

Benefits and Eligibility Criteria
Tax Credits

Owners and long-term lessees (27.5 years or more) 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. Available federal tax credits must be claimed before state tax credits may be claimed. Michigan now allows a 25 percent federal and state cap on historic preservation efforts. Maximum federal credit is 20 percent of approved rehab expenses; the State of Michigan will allow up to an additional five percent credit for additional qualified expenditures. 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.

A 10 percent federal tax credit also exists for the rehabilitation of non-historic, nonresidential buildings built before 1936.

Qualified Expenditures

Qualified expenditures under the State Historic Preservation Tax Credit Act are the same as those for federal tax credits, defined in the Internal Revenue Code 26 U.S.C. 47 (a)(2), defined generally as any project expense for which a straight line accounting method is used as defined in the Internal Revenue Code. Qualified expenditures do not include building acquisition costs or building expansion costs.

General Eligibility

If located in communities with populations of 5,000 or more, eligible historic properties must be located in a certified Michigan historic district (see list of Michigan communities with historic districts on page 17). If located in communities under 5,000, eligible properties must be listed on the National Register of Historic Places or listed on the State Register of Historic sites.

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 approval, pursuant to published standards, of the State Historic Preservation Office (SHPO). 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:

   (1) 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.

   (2) 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.

   (3) 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.

   (4) Most properties change over time; those changes that have acquired historic significance in their own right shall be retained and preserved.

Historic Preservation Tax Credit, continued

(5) Distinctive features, finishes, and construction techniques or examples of craftsmanship that characterize a property shall be preserved.

(6) 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.

Tax Abatements or Credits

(7) 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.

(8) Significant archeological resources affected by a project shall be protected and preserved. If such resources must be disturbed, mitigation measures shall be undertaken.

(9) 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.

(10) 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.

4. Applicants must complete three parts of the tax credit application. The first two 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 that 10 percent of the State Equalized Value of the property. In instances when part of a resource is being rehabilitated, the qualified rehabilitation expenses must be five percent of the appraised value of the property.

6. All rehabilitation work must be completed within one year. Special permission may be applied for to extend the work over a period of up to five years.

7. If the resource is sold or alterations to the approved plan are made within five 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 single business 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 one year after the year the credit was claimed;

80 percent if the sale or revocation is one year but less than two years after the year in which the credit was claimed;

60 percent if the sale or revocation is two years but less than three years after the year in which the credit was claimed;

40 percent if the sale or revocation is three years but less than four years after the year in which the credit was claimed;

20 percent if the sale or revocation is four years but less than five years after the year in which the credit was claimed;

0 percent if the sale or revocation is five years or more after the year in which the credit was claimed.

Income and single business tax credits under this Act are due to expire on January 1, 2003.

Changes Since Program Inception

Public Acts 213 and 214 of 1999 amended the original Historic Preservation Tax Credit Act to include the above-described tax credit recission schedules.

PA 213 and 214 also extended the time horizons under which single business or income tax credits could be claimed. Originally, state tax credits could only be taken up to December 31, 2002. As amended, applicable tax credits may

Historic Preservation Tax Credit, continued

be taken for up to five years beyond the certification of a rehabilitation plan issued anytime up through December 31, 2002.

These amendments allowed rights of assignation of tax credits if the claimant is partnership, limited liability company, or a subchapter S corporation. Assignation of tax credits was allowed so as to permit such organizations to maximize the incentive. Previously, when the Act did not provide for assignation of tax credits, individual SBT or income tax liability was not substantial enough to make the historic preservation tax credits attractive.

Data and Source

As of 2000, the following communities contain Historic District Commissions pursuant to Michigan's Local Historic Districts Act (1970 PA 169):

Adrian	Allegan	Ann Arbor
Battle Creek	Birmingham	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
Jackson	Kalamazoo	Kentwood
Lansing	Lathrup Village	Lexington
Linden	Livonia	Lowell
Mason	Menominee	Midland
Monroe	Muskegon	New Baltimore
Niles	Northville	Oakland Twp.
Owosso	Plymouth	Pontiac
Portage	Rochester Hills	Royal Oak
Saginaw	Saline	Saugatuck
Southfield	Tecumseh	Traverse City
Troy	Utica	Vergennes Twp.
Warren	Washtenaw Cnty.	Waterford Twp.
Ypsilanti		

Source: Michigan State Historic Preservation Office.

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 Wall Street Journal, as of 1999, 15 states have approved income tax credits for historic preservation, while 22 states permit local governments to offer property tax abatements to owners who rehabilitate historic structures.

Industrial Facilities Property Tax Abatement

Enabling Act, *Major Amendments*; Statutory Citation
1974 PA 198, *1999 PA 140, 2000 PA 247*; M.C.L. 207.551 et seq., M.S.A. 7.800 (1) 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 projects.

Benefits and Eligibility Criteria
Tax Abatements or Credits

For qualified new projects, property tax liability limited to 1/2 of the rate of all (improved real and personal) property taxes except the state education tax (six mills), for a predetermined term of years. Waiver of liability for 1/2 of the six-mill state education tax is at the discretion of the Department of Treasury. For the restoration, renovation of or addition to an existing facility, taxable value of facility is frozen at the pre-restoration, pre-renovation or pre-addition level.

Eligible businesses include industrial or high technology business concerns that propose to expand existing operations or initiate new facilities in Michigan. Businesses need to apply to the local unit for abatement approval, local unit must create and receive approval from the Michigan Tax Commission and the Department of Treasury before abatement is approved.

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

Manufacturing and Warehousing
High-Technology and Research
Power Cogeneration Facilities
Exposition Centers (at least 250,000 square feet)

Terms and Performance Guarantees
Tax abatement or exemption is contingent on receipt of an Industrial Facilities Exemption Certificate, issued by and subject to local approval, and approval by the State Tax Commission. Certificates are in effect for up to 12 years, subject to approval by the local unit. Certificates are transferable subject to application and approval by the local unit and the State Tax Commission.

PA 140 of 1999 created an accelerated liability provision in the Act for businesses that leave (and establish operation outside of) the tax-abated district before expiration of the certificate. That is, tax-abated or exempted businesses that leave the district prematurely could be made liable for the remaining years on the exemption certificate. *Liability under this provision is limited to the future value of the certificate until expiration.* Exercise of this provision is at the discretion of the effected local unit.

The Michigan State Tax Commission advises applicants to the Industrial Facilities Tax Abatement Program the following in light of statutory and administrative time constraints:

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.

2) Section 9(2)(c) provides that the start of construction of the facility cannot occur more than six months before the filing of the application with the clerk of the local unit of government.

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
In 1984, an "anti-pirating" provision proscribing job transfers among local units was dropped in favor of an "exit-visa" provision. While these terms are often used interchangeably, they have different meanings in practice. Under the anti-pirating provision, the state acted as the sole

Industrial Facilities Property Tax Abatement, continued

determiner and executor of job transfer issues; under exit-visa provisions, the local unit that stands to lose the jobs must assent to the loss.

Public Act 140 of 1999 expanded the set of facilities eligible for the Industrial Facilities Property Tax Abatement, by including convention and trade centers over 250,000 square feet as allowable industrial property.

Data and Source

The Michigan Department of Treasury reports the following data on Industrial Facility Tax Abatements from 1984 through 1998:

According to the State Policy Center at Wayne State University, Industrial Facility Tax abatements since 1985:

- have helped local communities to create 193,000 new jobs and retain 678,000 existing jobs;
- have been granted by the City of Grand Rapids more often (464 certificates issued) than any other city in the state;
- have been issued in Holland Township, Clinton Township, and the City of Wyoming at a greater rate than the City of Detroit (164 certificates issued)

In 1986, the Citizens Research Council released *Municipal Government Economic Development Incentive Programs in Michigan*, Report No. 280, which found that high growth local units of government (defined as those with annual economic development investment of $4,000 per capita) were more apt to award Industrial Facilities Tax abatements if their existing tax rate was relatively high, and conversely, were less prone to such awards if taxes were relatively low.

Discussion

The Industrial Facilities Property Tax Abatement program is Michigan's oldest and largest tax abatement program. Since 1981, the state has received over 12,000 applications for what are more commonly called PA 198s. This program was amended in 2000 to attract high technology development and rehabilitation in addition to industrial property development and rehabilitation.

Tax Abatements or Credits

The Michigan Department of Treasury reports the following data on Industrial Facility Property Tax Abatements from 1984 through 1998:

Year	No. of Projects	Abated Real Property	Abated Personal Property	Total Abated Property	New Jobs Created
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
Total	**11106**	**$9,423,463,327**	**$36,823,899,115**	**$46,247,362,442**	**193,471**

Michigan Economic Growth Authority

Enabling Act, *Major Amendments*; Statutory Citation
1995 PA 24; *2000 PA 144, 2000 PA 428*; M.C.L. 207.801 et seq.; M.S.A. 3.540 (801) et seq.

Summary Program Description
A Single Business Tax and Income Tax credit program targeted at large-scale investment and job creation, as well as attraction of technology-intensive business concerns. Michigan Economic Growth Authority applicants must certify that the project would not occur absent the MEGA grant.

Benefits and Eligibility Criteria
Tax Abatements or Credits

Businesses with an instate presence at the time of application must propose to create and retain at least 75 full-time, instate jobs over and above their instate pre-application employment level. Out-of-state businesses must create and retain 150 full-time, instate jobs over the term of the tax credit awarded by the MEGA. If the application proposes the construction or rehabilitation of a facility in a Neighborhood Enterprise 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. High technology business investment need create just five jobs for MEGA consideration.

The MEGA Act also allows tax credits for large-scale job retention investments. Specifically, the MEGA Board will consider applications from: Instate concerns that propose new instate capital investment of at least $250 million, while maintaining 500 jobs; or, instate concerns that, after the time of application to the MEGA Board, propose to relocate production of a product to this state and make an investment of $500 million while retaining at least 500 jobs.

For MEGA grants predicated on job creation, the employees filling the new jobs must be employed no longer than 12 months after the creation of the new facility. Local financial commitment is also required, and is often demonstrated with the local unit grant of an Industrial Facilities Tax exemption (PA 198) for the project.

Michigan Economic Growth Authority will consider applications from business concerns in the following industries:

- Manufacturing
- Mining
- High-Technology, Research and Development (see Appendix E)
- Wholesale and Trade
- Office Operations

Terms and Performance Guarantees
MEGA grants are a combination of Single Business Tax and Income Tax credits, and 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.

Varying terms of 8 to 20 years of tax credit availability, as determined by the Michigan Economic Growth Authority Board. Each MEGA grantee is audited annually to determine if jobs promises are being met. Failure to meet the jobs promises does not extinguish the multi-year grant, only the MEGA SBT credit for the year(s) the jobs promises are not met.

The MEGA Act expires December 31, 2003.

Changes Since Program Inception
In 2000, the Michigan Economic Growth Authority was expanded in terms of number of projects allowed annually and in abatement amount per project. Specifically, the annual project cap of 25 was expanded to allow a one-year carry-forward of potential MEGA grants not offered the previous year. For example, if 15 grants are made in a given year, up to 35 are allowable in the following year. In addition, the maximum allowable grant amount was expanded from 20 to 30 million dollars over the life of the grant.

In addition, the MEGA Act was amended in 2000 to reduce the jobs-created threshold requirement for high-technology businesses. Specifically, qualified high tech businesses need only pledge to create five or more jobs for con-

Michigan Economic Growth Authority, continued

sideration as a MEGA grantee. The MEGA definition of high tech activity is found in Appendix E.

In 2001, the definition of a qualified full-time job was amended to allow for jobs created *before* application to MEGA to count towards jobs creation promises. Specifically, MEGA now allows for jobs that already exist in the state to count toward "full-time jobs created," as long as such jobs were not created more than 120 before the applicant entered into a written agreement with the MEGA Board. This amendment applies only to such full-time jobs created after July 1, 2000.

Discussion

The Michigan Economic Growth Authority has grown significantly in terms of size and scope since its inception in 1995. Specifically, sunset provisions have been extended, program qualifications have been relaxed, and the administrative scope of the MEGA Board has expanded.

Data and Source

The following concerns received MEGA grants from program inception through May 2000 (several interests have received more than one grant):

Tax Abatements or Credits

Solvay - Adrian, Lenawee - Chemicals, plastics, processing, pharmaceuticals
Walden Books - Ann Arbor, Washtenaw - Retail store bookseller; subsidiary of Borders Group (BGI Inc.)
Haworth Inc. - Big Rapids, Mecosta - Office systems and furniture
A.O. Smith - Plymouth Twp., Wayne - Electric motor technologies and water system technologies
Gelman Science - Scio Twp., Washtenaw - Filtration and separation systems and technologies
Meridian Inc. (Herman-Miller subsidiary) **-** Spring Lake, Ottawa - Filing and storage products
Cardell Corp. (Division of Molex) - Auburn Hills, Oakland - Electromechanical products and engineering
Shiloh of Michigan - Romulus, Wayne - Steel processor (auto blanks); joint venture (80/20) w/Rouge Steel
Aspen Bay - Menominee, Menominee - Pulp mill
Standard Automotive - Muskegon, Muskegon - Design and manufacture of trailer chassis and truck suspension systems
Pilot Industries - Clare, Clare - Automotive fuel delivery and brake systems
Hess Industries - Niles, Berrien - Metalforming technologies & manufacturing systems
Asama Giken/Honda Subsidiary - Coldwater, Branch - Honda automotive supplier: exhausts, gaskets
IMCO Recycling - Coldwater, Branch - Aluminum recycler and metal salvaging; 20 U.S. production facilities
National Tech Team - Southfield, Oakland - Information technology desktop management services
Shape Corp. - Grand Haven, Ottawa - Steel rollforming
Case Systems - Midland, Midland - Office furniture and laminates
Dow Chemical - Midland, Midland - Chemicals, plastics, and agricultural products
Hi-Lex Controls - Litchfield, Hillsdale - Automotive window regulators
Petri Inc. (AG) - Port Huron, St. Clair - Producer of steering wheels, airbags and contact units
Lacks Industries - Kentwood, Kent - Design and manufacturer of grilles, wheelcovers, and trim
Worthington Industries - Frenchtown Twp., Monroe - Steel processor
Compuware - Farmington Hills, Oakland - Systems software manufacturing and support
Walbro Automotive - Detroit, Wayne - Fuel storage and delivery systems
CMI - Summerfield Twp., Monroe - Suspension and chassis subassembly manufacturing
Plannja Hard Tech - Mason, Ingham - High-strength steel processing
Kwang Jin Sang Gong - Battle Creek, Calhoun - Door window regulator manufacturing
N-K Manufacturing - Allendale Twp., Ottawa - Moldmaking
Weyburn Acquisitions - Grand Haven Twp., Ottawa - Camshaft manufacturing
RSDC (Regional Steel Distrib. Cent.) of Mich. - Delhi Twp., Ingham - Rolled steel distributor
Howmet - Whitehall, Muskegon - Investment and superalloy castings, primarily for jet and gas turbine engines
Black & Veatch - Ann Arbor, Washtenaw - Water and wastewater delivery systems engineering
Autocam Corp. - Marshall, Calhoun - Precision and machine parts: auto, computer, and medical
Bosal Industries - Warren, Macomb **-** Development and supply of auto exhaust systems
National Tech Team - Sault Ste. Marie, Chippewa - Information technology desktop management services
Gerber Products - Fremont, Newaygo - Baby food products manufacturing

Michigan Economic Growth Authority, continued

Tax Abatements or Credits

Neway Anchorlok International - Muskegon, Muskegon - Automotive air suspension and brake manufacturing
Brian Unlimited Distribution Co. (BUDCO) - Highland Park, Wayne - Marketing services
GE/Bayer - Wixom, Oakland - Joint venture GE Plastics and Bayer AG to develop polycarbonate vehicle windows
Smiths Industries - Cascade Twp., Kent - Manufacturer of high-performance avionics
Alsons Corp. - Hillsdale, Hillsdale - Shower head manufacturer; division of Masco
Bosch Corp. - Farmington Hills, Oakland - Automotive brake equipment manufacturer
Wollin Products - Charlotte, Eaton Lansing -CAD-based injection molding
Dana Corporation - Texas Twp., Kalamazoo - Supplier to vehicular, off-road and heavy equipment and machinery
Kmart - Troy, Oakland - Data Center for Retail Operations
Pollard Ltd. - Ypsilanti Twp., Washtenaw - Lottery ticket manufacturer
AAR Corporation - Cadillac, Wexford - Manufacturer of aviation cargo systems and components
Alliant Foodservice - Lyons Twp., Oakland - Non-retail food distributor
Coca-Cola Foods - Paw Paw Twp., Van Buren - Hi-C juices and drinks
P & A Industries - Monroe Twp., Monroe - Metal stamping and assembly manufacturer
L & W Inc. - Blissfield, Lenawee - Automotive metal stamping and welded assembly manufacturer
Heidtman Steel (Centaur Inc.) - Bedford Twp., Monroe -Steel processing
Engineered Machined Products - Escanaba, Delta - Magnesium die casting
Trumack Assembly - Detroit, Wayne - Motor home chassis manufacturing
Howmet International - Whitehall, Muskegon - Investment and superalloy castings, primarily for jet and gas turbine engines
Scott Technologies - South Haven, Van Buren - Design and manufacture of life-support and respiratory devices for aerospace and government
Meridian Magnesium Products - Eaton Rapids, Eaton - Magnesium die casting
Select Steel - Delta Twp., Eaton - Steel milling operation
Steelcase - Gaines Twp., Kent - Office furniture manufacturing
General Motors - Lansing, Ingham - Automotive manufacturer
Flagstar Bank - Troy, Oakland - Mortgage banking
Packerland Packing - Gun Plain Twp., Allegan - Meat packing facility
The Behr Group - Webberville, Ingham - Automotive Supplier - Heating and air conditioning units
Parker Hannifin - Otsego, Allegan - Motion control systems and components
Hoover Universal - Rockwood, Wayne - Automotive seating division of Johnson Controls
Cable Constructors - Iron Mountain, Dickinson - Design and construction of broadband cable systems
Decision Consultants - Southfield, Oakland - Information services technology provider
Jabil Circuit Inc. - Auburn Hills, Oakland - Manufacturer and designer of electronic circuit boards
Webvan Group, Inc. - Detroit, Wayne - Grocery distribution warehouse for on-line retailer
Northern Diecast - Newberry, Luce - Magnesium diecasting
La-Z-Boy - Monroe, Monroe - Administrative and information technology facility
DaimlerChrysler Financial Services - Auburn Hills, Oakland - Automotive financial services
Behr America - Troy, Oakland - Auto supplier - Research, development, engineering, testing, sales and marketing
New Venture Gear - Auburn Hills, Oakland - Auto driveline systems and components
American Greetings - Kalamazoo, Kalamazoo - Greeting cards
Behr Industries - Alpine Township, Kent - Wood interior auto parts manufacturing
Hayes Lemmerz International - Montague, Muskegon - Supplier of automotive wheels, brakes, powertrains
American Communications Network - Marquette, Marquette - International cooperative marketing company
Flowserve Corporation - Kalamazoo, Kalamazoo - Industrial flow management services
American Axle - Three Rivers, St. Joseph - Automotive driveline system manufacturer
Coca-Cola Foods (expansion of facility described above) **-** Paw Paw Twp., Van Buren - Hi-C juices and drinks

Neighborhood Enterprise Zones

Enabling Act; Statutory Citation
1992 P.A. 147; M.C.L. 207.771 et seq.; M.S.A. 7.800(171) 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 one or more areas as Neighborhood Enterprise Zones (NEZs) for the purpose of extending property tax abatements for residential construction and rehabilitation.

Benefits and Eligibility Criteria
Qualified local units of government may waive 1/2 of the improved property tax liability on qualified new residential construction projects, or may waive new property taxes brought about by rehabilitation of existing property.

To qualify for an NEZ, a **city** must meet all of the following criteria:

1. Population of at least 10,000;

2. Average unemployment rate of eight percent or more during the most recent calendar year for which the data is available, or had a total millage rate of 84 or more mills levied in the most recent property tax levy;

3. Total millage rate of 63.3 mills or more levied in the most recent ad valorem property tax levy or levies a city income tax;

4. Housing stock of which 60 percent or more of the units were built before 1960 as reported in the most recent federal decennial census;

5. Increase in state equalized valuation between 1970 and 1990 below 140 percent;

6. Decline in population of more than 5 percent between 1970 and 1990.

If the applicant city is the largest in the local Metropolitan Statistical Area, it only needs to meet three of the above criteria.

To qualify for an NEZ, a **village or township** must meet all of the following:

1. Population of at least 5,000;

2. Average unemployment rate of 17 percent or more during the most recent calendar year for which the data is available;

3. Total millage rate of 65 mills or more levied in the most recent ad valorem property tax levy;

4. Had a decline in population of more than 20 percent between 1970 and 1990.

Terms
Neighborhood Enterprise Zones must be compact and contiguous, and contain 10 or more platted parcels of land. For new facilities that exceed 10 or more units, the total zone acreage may not exceed one percent of the total acreage of the local unit. For NEZs that include housing units eligible for rehabilitation, NEZ size generally may not exceed 10 percent of the whole municipality, but may, under special circumstances of economic distress, include as much as 25 percent of the local unit's total acreage.

Tax Abatements or Credits

A rehabilitated facility is an existing housing structure containing one to eight units with a cash value of $60,000 or less per unit. The owner must propose improvements 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, and will bring the structure into conformance with minimum local building code standards.

NEZ program sunsets December 31, 2002; NEZ certificates valid for 12 years.

Data and Source
Only 10 local units of government have approved NEZs. Given that several of the qualifying economic criteria prevent all local units in the state from applying, this program is effectively closed to new NEZ applicants.

Neighborhood Enterprise Zones in Michigan:

Battle Creek	Detroit	Flint
Inkster	Lansing	Muskegon
Pontiac	River Rouge	Saginaw
Wyandotte		

Discussion
Neighborhood Enterprise Zones were stripped of much of their appeal with the passage of Proposal A in 1994. With property tax rates dropping by a statewide average of 31 percent after it went into effect, the incentive to build new housing in Neighborhood Enterprise Zones was lessened significantly.

Obsolete Property and Rehabilitation Tax Credit

Enabling Act; Statutory Citation
2000 PA 146, M.C.L. 125.2781 et seq.

Summary Program Description
A tax-credit 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.

Benefits and Eligibility Criteria
Tax Abatements or Credits

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.

Qualified local governmental unit means one or more of the following:

(i) A city with a median family income of 150 percent or less of the statewide median family income as reported in the 1990 federal decennial census that meets one or more of the following criteria:

(A) Contains or has within its borders an Eligible Distressed Area (see Appendix A for a list of Eligible Distressed Areas in Michigan)
(B) Is contiguous to a city with a population of 500,000 or more.
(C) Has a population of 10,000 or more that is located outside of an urbanized area as delineated by the United States bureau of the census.
(D) Is the central city of a metropolitan area designated by the United States office of management and budget.
(E) Has a population of 100,000 or more that is located in a county with a population of 2,000,000 or more according to the 1990 federal decennial census (Detroit).

(ii) A township with a median family income of 150 percent or less of the statewide median family income as reported in the 1990 federal decennial census that meets 1 or more of the following criteria:

(A) Is contiguous to a city with a population of 500,000 or more.
(B) All of the following:

(I) Contains or has within its borders an eligible distressed area as that term is defined in section 11(u)(ii) of the state housing development authority act of 1966, 1966 PA 346, MCL 125.1411.

(II) Has a population of 10,000 or more.

(iii) A village with a population of 500 or more as reported in the 1990 federal decennial census located in an area designated as a rural enterprise community before 1998 under title XIII of the Omnibus Budget Reconciliation Act of 1993, P.L. 103-66, 107 Stat. 416.

(iv) A city that meets all of the following criteria:

(A) Has a population of more than 20,000 or less than 5,000 and is located in a county with a population of 2,000,000 or more according to the 1990 federal decennial census.

(B) As of January 1, 2000, has an overall increase in the state equalized valuation of real and personal property of less than 65 percent of the statewide average increase since 1972 as determined for the designation of eligible distressed areas under section 11(u)(ii)(B) of the state housing development authority act of 1966, 1966 PA 346, MCL 125.1411.

Properties eligible for obsolete property exemption certificates are those that meet the definition of obsolescence found in the Brownfield Act (see Appendix B). Generally, commercial property (and commercial housing property) is eligible for rehabilitation under the Act. Rehabilitation expenses must exceed ten percent of the true cash value of the property.

Terms and Performance Guarantees
Certificates in effect are transferrable subject to approval of the issuing local unit.

Current sunset date for Obsolete Property tax exemptions is December 31, 2010. Local units that establish Obsolete Property Rehabilitation Districts must report the district status (including value of the property to which the exemption pertains, the value on which the obsolete property rehabilitation tax is based, an estimate of the number of jobs retained or created by the exemption, and an estimate of the number of new residents occupying commercial housing property units covered by the exemption) to the State Tax Commission annually.

Discussion
The Obsolete Property and Rehabilitation Tax Credit bill was tied-barred to companion economic development program expansions, including significant expansions of the Brownfield Financing Act and the Michigan Economic Growth Authority Act.

Enabling Act, *Major Amendments*; Statutory Citation

1996 P.A. 376, *1999 P.A. 98*, *1999 P.A. 139*; M.C.L. 125.2681 et seq.; M.S.A. 3.540(2681)

Summary Program Description

A targeted-zone program that waives all business-paid or resident-paid state and local taxes (except local debt) for a term of years. Zone applications are developed locally and awarded competitively by the Michigan Economic Development Corporation.

Benefits and Eligibility Criteria

Qualified taxpayers in renaissance zones enjoy the waiver of all state and local taxes, except for debt issues, for a term of at least 10 and up to 15 years from the time of renaissance zone approval.

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.

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 them:

- City Income
- City Utility Users
- Commercial Property Facilities
- Enterprise Zone Facilities
- Environmental Management Authority
- General Property
- Industrial Facilities
- Lessees and Users of Tax Exempt Property
- Neighborhood Enterprise Zone
- Personal Income
- Single Business
- Technology Park Facilities

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.

Changes Since Program Inception

Second Round of Renaissance Zones

Approval for a second round of renaissance zones was passed into law in 1999 after the first round was less than three years active. The second round renaissance zone legislation contained optional provisions that allowed for the alteration of renaissance zones awarded in the first round (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.

Agricultural Renaissance Zones

PA 259 of 2000 introduced a new type of renaissance zones specifically tailored for agricultural processing.

Tax Abatements or Credits

Recision of Exit-Visa Clause

PA 259 of 2000 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.

Data and Source

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

1. **City of Benton Harbor, City of St. Joseph, Benton Township** (urban; 10 subzones; 15-year term)
2. **City of Detroit** (urban; 8 subzones; 12-year term)
3. **City of Flint** (urban; 7 subzones; 15-year term)
4. **Gogebic/Ontonagon/Houghton Counties** (rural; 6 subzones; 15-year term)
5. **City of Grand Rapids** (urban; 6 subzones; 15-year term)
6. **City of Lansing** (urban; 2 subzones; 12-year term)
7. **Manistee County** (rural; 2 subzones; 15-year term)
8. **Montcalm/Gratiot Counties** (9 subzones; 15-year term)
9. **Oscoda-Wurtsmith** (ex-military facility; 1 subzone; 15-year term)
10. **City of Saginaw** (urban; 5 subzones; 15-year term)
11. **City of Warren** (former military facility; 1 subzone; 15-year term)

Renaissance Zones, continued

Round II Renaissance Zones (awarded 1999; active January 1, 2000**)**

1. **Alpena County, City of Alpena, Grand Traverse County and Presque Isle County** (rural; 10 subzones; 15 year term)

2. **Huron County, Sanilac County, and Tuscola County** (cities of Brown City, Croswell, and Sandusky, villages of Caro, Cass City, Owendale, and Port Hope; rural; 8 subzones; 10-year term)

3. **City of Jackson and Jackson County** (urban; 5 subzones; 15 years)

Tax Abatements or Credits

4. **K.I. Sawyer Airforce Base** (former military facility; one zone; 15 years)

5. **Kalamazoo County, City of Kalamazoo, and City of Battle Creek** (urban; 10 subzones; 15 years)

6. **Lake, Osceola, and Clare Counties** (rural; 10 subzones; 15-year term)

7. **Muskegon and Muskegon County** (urban; 6 subzones; 15-year term)

8. **Van Buren County** (rural; 6 subzones; 10-year term)

9. **Wayne County** (cities of River Rouge, Taylor, and Wyandotte; urban; 5 subzones; 15-year term)

In 1998, The Citizens Research Council released *Michigan Renaissance Zones in the Economic Development Context*, (Report No. 324), finding that renaissance zone incentives, ipso facto, do not lead to a rapid influx of capital attraction without additional business assistance from the local unit.

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 in 2000.

The expansion also included a large class of Michigan businesses that were effectively prevented--by threat of tax abatement recision 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 several other state-based economic development programs.

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) (Department of Commerce), through the Michigan Certified Development Corporation, a non-profit corporation certified by the Small Business Administration.

Benefits and Eligibility Criteria (courtesy MEDC)
For-profit corporations, partnerships or proprietorships with a net worth of less than $6 million and an average net profit after tax of less than $2 million for the past two years are eligible. In addition, the small business applicant must be the user of the fixed assets being financed.

Borrowers must have an existing cash flow from business operations greater than 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 businesses engaged in speculation or investment in rental real estate.

Terms and Performance Guarantees (courtesy MEDC and East Central Michigan Certified Development Corporation)
Proceeds from 504 loans must be used for fixed asset projects such as: purchasing land and improvements, including existing buildings, grading, street improvements, utilities, parking lots and landscaping; construction of new facilities, or modernizing, renovating or converting existing facilities; or purchasing long-term machinery and equipment.

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 seven years for projects involving machinery and equipment acquisition only, and 10 years for projects involving real estate financing.

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.

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 is 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. The ongoing servicing and SBA fees of 0.725 percent are built into and included in the effective loan interest rates. Maximum SBA debenture (credit guarantee) is $1 million.

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).

Data and Source
According to the United States Small Business Administration, in FY 1998, the Michigan District Office approved 738 loans for $221 million. This represents a decrease of $2 million from FY 1997. Although the number of loans and dollar volume declined, the average loan size increased from $267,262 in 1997 to $298,768 in 1998. The benefits of SBA's loan program are felt statewide. Small businesses in 275 cities within 75 of Michigan's 83 counties received an SBA guaranty loan.

Michigan SBA Office:

477 Michigan Avenue
Suite 515, McNamara Building
Detroit, Michigan 48226
p: (313) 226-6075 f: (313) 226-4769
e-mail: michigan@sba.gov

Discussion
The SBA 504 (a) 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, found on their website at www.sba.gov. Michigan Small Business Development Centers (see appendix D) 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 found on their website at www.doc.gov/eda.

Rail Loan Assistance Program

Summary Program Description

Administered by the Michigan Department of Transportation, the Rail Loan Assistance Program is a revolving fund designed to assist in the preservation and improvement of rail freight infrastructure.

Benefits and Eligibility Criteria

Successful applicants (businesses and local units of government) are eligible for no-interest loans, for up to 10 years, for rail improvement projects, including elimination of defunct grade crossings, track rehabilitation, bridge and culvert repair, transload facilities, rail consolidation projects, and general rail safety initiatives. Factors considered in the application process include public interest considerations, including jobs created or retained, effect on rail customers and/or farmers, and amount of local resources committed to the project.

Terms and Performance Guarantees

Loans

The project must be on a line that generates more than 50 carloads per route mile of track per year, or on a connector to a segment that generates more than 50 carloads per route mile per year. If the project is on a line that generates less than 50 carloads per route mile per year, or if it involves new construction, applicant must provide evidence that the project can be expected to be part of a financially self-sustaining rail system.

Loans are limited to $1 million per project; loans provided by the program fund 90 percent of the rail portion of project costs. The loan recipient must provide a funding match of 10 percent of the rail portion of project costs, and expenditure of the funding match is required before state funds may be drawn down. The loan recipient, at its own expense, may provide other project enhancements beyond the specific loan limits. Loans are non interest-bearing, and the loan repayment period may not exceed 10 years. All loans must be approved by the State Transportation Commission and the State Administrative Board, which generally takes 60-90 days beyond receipt of application.

Data and Source

According to MDOT, approximately $8.6 million is currently available for annual project funding.

Freight Economic Development Program

Summary Program Description

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

Benefits and Eligibility Criteria

Businesses, or local units on behalf of businesses, may apply for grants or loans to subsidize up to 50 percent of approved costs associated with development of auxiliary rail infrastructure, i.e., rail spurs, turnouts or rail connectors that provide rail service to applicant business.

Though technically a loan program, the Freight Economic Development Program allows loan amortization to be met by maintaining minimum employment and rail loading pledges created by the project.

Terms and Performance Guarantees

Although there are no minimum size requirements for rail projects under this program, applications that propose a multiple number of users, a favorable number of jobs created or retained, and a favorable number of anticipated carloadings will be given preference. There is no set application deadline date; applications accepted on a rolling basis. 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, a median grant or loan amount is in the $40,000 to $200,000 range, though an administrative officer was quick to point out there are no specified upward or downward limits to program subsidy amounts.

Site Assembly and Clearance Fund

Enabling Act; Statutory Citation

1984 PA 270 (Michigan Strategic Fund Act); M.C.L. 125.2001 et seq.; M.S.A. 3.541(201) et seq.

Summary Program Description

Michigan Economic Development Corporation revolving loan program that assists communities in site acquisition and preparation for specific, non-speculative development projects.

Benefits and Eligibility Criteria

Open to all local units of government. The Site Assembly and Clearance Fund offers below-market loans for site assembly and land preparation for economic development projects that do not comport with requirements of the Economic Development Infrastructure and Planning Grant programs (page 8), which include only value-added industries. The Site Assembly and Clearance Fund is a companion program to the MEDC Economic Development Infrastructure program, funded by federal Community Development Block Grant (CDBG) funds.

Non-speculative, job-creating projects are eligible for program consideration, including retail projects in renaissance zones.

Terms and Performance Guarantees

Community must commit at least 10 percent of the project's cost. Project is expected to have a public to private funding ratio of at least 2:1, but preferably 5:1. State funds invested through the program should not exceed a ratio of $10,000 per job created by the project.

The Site Assembly and Clearance Fund may not be used for environmental remediation uses.

Urban Land Assembly Program

Enabling Act; Statutory Citation
1981 P.A. 171; M.C.L. 125.1851 et seq., M.S.A. 3.540(185)

Program Description
A state-based revolving loan fund available to urbanized local units of government for the purpose of land assembly.

Benefits and Eligibility Criteria (courtesy Michigan Economic Development Corporation)
Eligible local units that require assistance for land assembly for economic development projects can apply for low-interest loans for land acquisition and, in limited circumstances, infrastructure development associated with the site. Eligible local units are those with an unemployment rate more than 70 percent of the annual average statewide unemployment rate; growth in population less than 75 percent of the state's average growth rate; or a change in state equalized value less than 50 percent of the state's five year average.

Loans

Terms and Performance Guarantees
Proposed projects must involve the acquisition of at least 10 acres of land. Acquisition of less than 10 acres is allowable only if the project is industrial and of a "critical" nature.

Upon sale or lease of the real property, the administering agency will repay into the fund a portion of the proceeds from the sale or lease of land and improvements. The amount repaid should be in the same proportion to the total proceeds received from the sale or lease as the original contribution from the fund is to the total cost of the project. If the local unit is unable to repay the fund in this manner, the loan must be repaid according to the terms of the original loan agreement, not to exceed 10 years beyond the sale of the project property.

The total amount of loan funding which a municipality may receive in any one 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
Recent news releases from the Michigan Economic Development Corporation include the following:

> a $1 million economic development land assembly loan to the City of Jackson for the Consumers Energy Downtown Campus project. The loan, funded through the Urban Land Assembly program, will be used for property acquisition and demolition. The project is expected to result in the consolidation of 1,500 jobs from Consumers Energy into the downtown, as well as the creation of 224 new, full-time jobs by other private firms.

Discussion
The Urban Land Assembly program was created to address the difficulty of land assembly for the purpose of economic development, relative to non-urbanized areas. Given that urban parcels are typically smaller than non-urban parcels, it is usually 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.

Brownfield Authorities

Enabling Act, *Major Amendments*; Statutory Citation

1996 PA 381, *2000 PA 145*; M.C.L. 125.2651; M.S.A. 3.540 (2651)

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 brownfields authorities and use tax increment financing (described on page 35) for environmental remediation of brownfield sites. Approved brownfield projects in approved brownfield authorities are eligible for Single Business Tax credits, described on page 11.

Benefits and Eligibility Criteria

Local units of government in Michigan are eligible to establish brownfield authorities. Brownfield authorities may be city-wide, but only allow tax capture from MDEQ approved brownfield plan sites.

In addition to tax increment financing now available to approved brownfield authorities, nearly one-half of a $675 million bond issue approved by Michigan voters in 1998 is dedicated to brownfield remediation.

Terms and Performance Guarantees

Brownfields established under this act do not expire until the local authority board disbands the authority.

Definition of Blight and Functional Obsolescence

As defined in amendments to the Brownfield Redevelopment Act, "blighted" and "functionally obsolete" properties are defined as follows:

> **Blighted** means property that meets any of the following criteria:
>
> 1. Has been declared a public nuisance in accordance with a local housing, building, plumbing, fire, or other related code or ordinance.
>
> 2. Is an attractive nuisance to children because of physical condition, use, or occupancy.
>
> 3. Is a fire hazard or is otherwise dangerous to the safety of persons or property.
>
> 4. 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.
>
> 5. 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.
>
> **Functional Obsolescence** is defined as a 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.

Changes Since Program Inception

Michigan's Brownfields legislation has undergone several major amendments, which effectively expanded the program, since the original legislation of 1996.

Public Act 145 of 2000 allowed for non-site-specific brownfield authorities, meaning that an approved brownfield development project could be located anywhere within the local unit.

PA 145 of 2000 also greatly expanded the definition of eligible properties for brownfield authorities, specifically by allowing the inclusion of blighted or functionally obsolete properties in the authority.

Data and Source

According to Richard C. Hula of the Department of Political Science and Urban Affairs at Michigan State University, as of June 1999 there were 121 brownfield authorities operating in the state.

Discussion

Brownfield redevelopment is 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.

Brownfield Authorities, continued

The state of Michigan was relatively late in passing state tax-based brownfield incentive programs, yet Michigan's brownfield program is rated as one of the most successful by the Consumers Renaissance Development Corporation in *National Comparative Analysis of Brownfield Redevelopment Programs*, which ranked states' programs on liability protection, cleanup standards, financial incentives, and government support from both state and local levels.

For a thorough description of how to set up a Brownfield Authority, see *How to Set Up a Brownfield Redevelopment Authority and Adopt a Brownfield Plan*, by the Consumers Renaissance Development Corporation.

Municipal League Economic Development Tools

For a description of Brownfield Redevelopment Authorities, Downtown Development Authorities, Tax Increment Finance Authorities, Local Redevelopment Finance Authorities, Economic Development Corporations, Principal Shopping Districts, and Business Improvement Districts through June 2000, see the Michigan Municipal League website at www.mml.org/pdf/opp_economic.pdf.

Business Improvement Districts

Enabling Act, *Major Amendments*; Statutory Citation
1961 PA 120, *1999 PA 49*; M.C.L. 125.981 et seq., M.S.A. 5.3533(1) et seq.

Summary Program Description
Business Improvement Districts (BIDs) are an expansion of the Principal Shopping Districts Act of 1961. BIDs allow qualified downtown and commercial areas (including multiple units of government) of cities to levy a special assessment (in addition to ad valorem property taxes) for district improvement. Tax revenues may be bonded against to finance district improvements.

Benefits and Eligibility Criteria
Primary benefits include multi-municipality districts and special assessment authorization to finance necessary improvements and maintenance of business districts. Similar to Principal Shopping Districts, only cities (or groups of cities) may establish Business Improvement Districts.

Established BIDs or Principal Shopping Districts (see box) may do all of the following within the district (see statute for a complete listing):

1. Open, widen, extend or realign highways and construct, maintain, or relocate pedestrian walkways. Also, BIDs or PSDs may prohibit vehicular traffic where necessary and prohibit parking on highways.

2. Acquire, own, maintain and improve properties and off-street parking lots, and contract for the operation and maintenance of off-street parking lots.

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.

Terms and Performance Guarantees
Upon appointment of a governing board for the district, the board may avail itself of a host of financing methods for district improvement. These include, but are not limited to:

- local unit general revenues
- revenue bonds
- general obligation bonds
- special assessments
- grants or gifts

Any bond, note or other obligation used for BID financing must not exceed an interest rate of 10 percent or be sold at a discount of more than 10 percent.

Business Improvement Districts are governed by a locally-determined Board consisting of the following representatives:

1. One appointee from each city in the BID as designated by the chief executive officer of each city in the BID, subject to the approval of the legislative body of each city.

2. Business representatives of the BID as nominated by businesses and property owners in the BID. If any single business or property owner is projected to pay more than 50 percent of the special assessment levied for district improvement, then that business or property interest shall constitute a majority of the total board membership.

If a city or set of cities in a BID choose to levy a special assessment, then they must develop a marketing and development plan, and identify the different classes of property owners who are going to be assessed and respective assessment amounts.

For BIDs created after July 14, 1992, revenues from special assessments may not exceed $10,000 per parcel.

Discussion
Successful Business Improvement Districts in other major cities (New York, Philadelphia) led partly to the passage of BIDs in Michigan.

Principal Shopping Districts

Business Improvement Districts are an expanded form of Principal Shopping Districts, with a major difference being that BIDs may be established that are comprised of one or more cities. Multi-jurisdictional PSDs are not allowed. Further, cities may establish more than one BID, but may only have one PSD in their jurisdiction. Mandated board composition of PSDs is similar but not identical to BIDs.

Downtown Development Authorities

Enabling Act, *Major Amendments*, Statutory Citation

1975 PA 197, *1993 P.A. 323*; M.C.L. 125.1651 et seq., M.S.A. 5.3010(1)

Summary Program Description

Downtown Development Authority legislation allows local units of government in Michigan to establish an authority in designated downtown areas. Established DDAs are eligible for tax increment financing, public and private grants, and have taxing power.

Downtown Development Authorities can raise revenue for physical improvements by the use of tax increment financing (see box on page 37), issuing revenue bonds, tax levy (subject to municipal population requirements), and grants. All DDA expenditures must be used for the DDA only.

Benefits and Eligibility Criteria

Any city, village or township may establish one contiguous Downtown Development Authority.

Terms and Performance Guarantees

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

Data and Source

In 1999, the following cities, villages and townships had Downtown Development Authorities:

Adrian	Albion	Allegan
Allen Park	Allendale	Almont
Alpena	Ann Arbor	Auburn
Auburn Hills	Bad Axe	Baldwin
Bangor	Baraga	Baroda
Battle Creek	Bay City	Belding
Belleville	Bellevue	Benton Harbor
Benton Twp.	Berkley	Bessemer
Beulah	Beverly Hills	Big Rapids
Birch Run	Birch Run Twp.	Blissfield
Bowne Twp.	Boyne City	Breckenridge
Bridgeport Twp.	Brighton	Briley Twp.
Brown City	Brownstown Twp.	Buchanan
Buena Vista Twp.	Burr Oak	Burton
Cadillac	Canton Twp.	Capac
Caro	Cascade Twp.	Caseville
Caspian	Cass City	Cassopolis
Cedar Springs	Centerline	Centreville
Charlevoix	Charlotte	Cheboygan
Chelsea	Chesaning	Clam Lake Twp.
Clawson	Clare	Clay Twp.
Clifford	Clinton	Clio
Coldwater	Coleman	Colfax Twp.
Coloma	Columbiaville	Commerce Twp.
Coopersville	Corunna	Croswell
Crystal Falls	Crystal	Dansville
Davison	Dearborn	Decatur
Delphi Twp.	Detroit	Dewitt
Dexter	Dorr Twp.	Dowagiac
Dryden	Dundee	Durand
East Jordan	East Lansing	Eastpointe
Edmore	Elk Rapids	Elkton
Elsie	Escanaba	Essexville
Evart	Farmington	Fennville
Fenton	Ferndale	Fife Lake
Filer Twp.	Flat Rock	Flint
Flint Twp.	Fowlerville	Frankenmuth
Fraser	Fremont	Garden City
Gaylord	Gibraltar	Gladstone
Gladwin	Grand Haven	Grand Ledge
Grand Rapids	Grandville	Grant Twp.
Grass Lake	Greenland Twp.	Greenville
Grosse Ile	Grosse Pte. Park	Hager Twp.
Hampton Twp.	Hamtramck	Hancock
Harbor Beach	Harbor Springs	Hart Twp.
Hastings	Hazel Park	Helena Twp.
Hillman	Holland	Holly
Homer	Hopkins	Houghton
Howell	Hudsonville	Imlay City
Independence Twp.	Inkster	Ionia
Iron Mountain	Iron River	Ironwood
Ishpeming	Ithaca	Jackson
Jonesville	Kalamazoo	Kalkaska
Kearney Twp.	Kent City	Kingston
Kochville Twp.	L'Anse	Laingsburg
Lake City	Lake Linden	Lake Orion
Lakeview	Lansing	Lapeer
Lawton	Leoni Twp.	Leslie
Lexington	Lincoln	Lincoln Park
Livonia	Lowell	Ludington
Lyons	Mackinaw City	Madison Twp.
Mancelona	Manistee	Manistique
Marcellus	Marine City	Marion
Marion Twp.	Marlette	Marquette
Marquette Twp.	Marshall	Mason
McBain	Melvindale	Mendon
Menominee	Metamora	Midland
Milan	Milford	Millington
Minden City	Monitor Twp.	Monroe
Montague	Mt. Clemens	Mt. Morris
Mt. Pleasant	Munising	Muskegon
Muskegon Hts.	Negaunee	New Baltimore
New Lothrop	Niles	North Branch
Northville	Norway	Onsted
Ontonagon	Ortonville	Oscoda
Otisville	Otsego	Ovid
Owosso	Oxford	Parchment
Parma	Paw Paw	Peck
Pentwater	Perry Twp.	Petoskey
Pinckney	Pinconning	Pine River
Plainfield Twp.	Plainwell	Pleasant Ridge
Plymouth	Pontiac	Port Huron
Port Sanilac	Portland	Quincy
Redford Twp.	Reed City	River Rouge
Rochester	Rockford	Rogers City
Romeo	Romulus	Roscommon
Roseville	Royal Oak	Royal Oak Twp.
Saginaw	St. Charles	St. Ignace

Downtown Development Authorities, continued

St. Joseph	St. Louis	Sault Ste. Marie
Scio Twp.	Scottville	Solon Twp
South Haven	South Lyon	South Range
Southfield	Sparta	Spring Lake
Stanton	Stevensville	Stockbridge
Sturgis	Swartz Creek	Tawas City
Tecumseh	Three Oaks	Three Rivers
Tittabawassee Twp.	Traverse City	Trenton
Troy	Tuscarora Twp.	Union Twp.
Utica	Van Buren Twp.	Vassar
Vermontville	Vevay Twp.	Vicksburg
Vienna Twp.	Walker	Walled Lake
Warren	Watervliet	Wayland
Wayne	Webberville	West Branch
West Branch Twp.	Westland	Wheatland Twp.
White Cloud	Williamston	Wixom
Wyandotte	Yale	Ypsilanti

Discussion

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

Tax Increment Financing

Tax increment finance districts allow local units of government to capture (from other locally-taxing governmental units) the increase in property tax levies for eligible properties 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 2001 may, in 2002 and every year following, retain property tax revenues above those collected (the increment) in 2001 (base year) that are otherwise due to other units of government, such as counties and school districts. In most cases, tax increment financing proceeds or bond indebtedness incurred therefrom may only be used for public improvements within the TIF district. The State Education Tax (6 mills) and debt obligations may not be captured by the local unit.

Comparison of Attributes of Various Tax and Finance Authorities in the State of Michigan

Attribute	BIDs	PSDs	DDAs	BRAs	LDFAs
Tax increment financing?	n	n	y	y	y
Levy mills or special assessments for district improvement?	y	y	y (restrictions apply)	n	n
Joint application/administration by multiple local units of government?	y	n	n	n	y
Set up more than one (non-contiguous)district?	y	n	n	y	y
Seek grants for district improvement?	y	y	y	y	y
Amend district boundaries?	y	y	y	n/a	y

BIDs - Business Improvement Districts; **DDAs** - Downtown Development Authorities; **PSDs** - Principal Shopping Districts; **BRAs** - Brownfield Improvement Districts; **LDFAs** - Local Development Finance Authorities. For a summary comparison of these and Economic Development Corporations (EDCs) and Tax Increment Finance Districts (TIFAs), see the Michigan Municipal League's *Economic Development Tools*, June 2000, available at www.mml.org/pdf/opp_economic.pdf.

Finance Programs and Tax Authorities

Industrial Development Revenue Bonds

Enabling Act, *Major Amendments*; Statutory Citation
1963 PA 62, *1972 PA 75*; M.C.L. 125.1251 et seq., M.S.A. 5.3533(21)

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 pollution control facilities.

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

Terms and Performance Guarantees
Bond size is limited to $10 million if the benefiting company's total capital expenditures in the three years preceding and the three years succeeding bond issuance does not exceed $10 million. Bond size limited to $1 million if no capital expenditure provision are imposed. No maximum limit on bond amount if the proceeds are to finance cogeneration or solid waste disposal projects.

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. Delinquent property taxes owed by such lessees shall not become a lien on the property, however, and may only be collected under a common-law action of assumpsit.

Changes Since Program Inception
In 1972, the Industrial Development Revenue Bond Act was amended (PA 75) to allow for pollution control projects to be financed through the Act.

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

Local Development Finance Authorities (Including SmartZones)

Enabling Act, *Major Amendments*; Statutory Citation
1986 PA 281, *2000 PA 248;* M.C.L. 125.2151, M.S.A. 3.540(351)

Summary Program Description
Local Development Finance Authorities allow local units of government in Michigan to establish a development authority for the purpose of targeted 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.

Benefits and Eligibility Criteria
Local Development Finance Authorities are eligible for tax increment finance plans, allowing for the capture and retention of all property tax revenue increments beyond an established base year. For a more thorough description of tax increment financing, see page 35. Certified Technology Parks, enabled by the LDFA Act, may be financed by joint municipal tax increment finance districts, the first instance under Michigan law allowing for multi-jurisdictional tax finance districts.

LDFAs may be established in cities, villages, or urban townships. LDFA designation is limited to business activities that involve:

Manufacturing
Agricultural Processing
High-Technology Activities
Energy Production
Business Incubators

Energy production is defined as the processing of goods or materials by physical or chemical change, or by a small power production facility as defined by the Federal Energy Regulatory Commission pursuant to the Public Utility Regulatory Policies Act of 1978, P.L. 95-617, 92 Stat. 3117, which facility is fueled primarily by biomass or wood waste. This act does not affect a person's rights or liabilities under law with respect to groundwater contamination described in this subparagraph. This subparagraph applies only if all of the following requirements are met:

- Tax increment revenues captured from the eligible property will be used to finance, or will be pledged for debt service on tax increment bonds used to finance, a public facility in or near the authority district designed to reduce, eliminate, or prevent the spread of identified soil and groundwater contamination, pursuant to law. The board of the authority exercising powers within the authority district where the eligible property is located adopted an initial tax increment financing plan between January 1, 1991 and May 1, 1991.

- The municipality that created the authority establishes a special assessment district whereby not less than 50 percent of the operating expenses of the public facility described in this subparagraph will be paid for by special assessments. Not less than 50 percent of the amount specially assessed against all parcels in the special assessment district shall be assessed against parcels owned by parties potentially responsible for the identified groundwater contamination pursuant to law.

LDFAs, as amended, allow for increased tax capture in the district, where up to 50 percent of the K-12 and Intermediate School District revenues may be captured subject to the approval of the State Treasurer.

Changes Since Program Inception
The Local Development Finance Authority Act was amended in 2000 to include "Certified Technology Parks," as defined by the Act. Certified Technology Parks, also known as SmartZones, may use a modified form of tax increment financing for infrastructure development. LDFA amendments also allow for multi-jurisdiction authorities, the first such allowance of tax increment financing across lines of local units of government.

LDFA amendments also included an expansion of the class of allowable property on which district revenue could be spent. Previously, LDFA revenues could only be spent on public property (see pre-amended definition on page 39 in description of Tax Increment Finance Authorities). If the LDFA contains a Certified Technology Park (SmartZone), described on page 38, then LDFA revenues can be used for non-public property in certain circumstances.

For a more thorough discussion of changes to the LDFA Act, see the Michigan Economic Development Corporation's website at www.medc.michigan.org/smartzones/summary.html or the Michigan Economic Developers Association website at www.medaweb.org/execsum.html.

Local Development Finance Authorities (Including SmartZones)

Data and Source

The following municipalities in Michigan have Local Development Finance Authorities:

Adrian	Alma	Auburn Hills
Bay City	Belding	Big Rapids
Brighton	Byron Twp	Cadillac
Camden	Cedar Springs	Charlotte
Coldwater	Davison	Detroit
Dexter	Dowagiac	Dundee
Evart	Fenton	Fowlerville
Fremont	Gaines Twp	Garden City
Grand Blanc	Greenville	Harbor Beach
Hastings	Homer	Houghton
Hudson	Hudsonville	Huron Twp
Imlay City	Ionia	Jackson
Jonesville	Lapeer	Lawrence
Leslie	Manistee	Marquette
Marshall	Mason	Middleville
Millington	Monroe	Mundy Twp
Muskegon	Newaygo	Niles
Owosso	Parma	Port Huron
Portage	Quincy	Saginaw
St. Charles	St. Clair	Saline
Sandusky	South Haven	Southfield
Taylor	Tecumseh	Three Rivers
Vicksburg	Westland	Whitehall
Wixom	Wyoming	Zeeland

SmartZones

In order to foster public/private technology transfer ventures, Public Act 248 of 2000 was passed in June 2000. 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," conceptually defined as high tech development enclaves that are eligible for expanded tax increment financing and specialized state funding. SmartZones, as planned, will serve as 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. Certified Technology Parks may also receive funding from an LDFA established by two or more local units of government, the first time that tax increment financing has been extended thusly in Michigan.

In April 2001, the Michigan Economic Development Corporation awarded Certified Technology Park status to Battle Creek, Lansing, Mount Pleasant, Kalamazoo, Grand Rapids, Muskegon, Houghton, Ann Arbor-Ypsilanti and two in Wayne County, including Pinnacle Park in Romulus, the Woodward Avenue Corridor, and another in Oakland County.

Tax Increment Finance Authorities

Enabling Act, *Major Amendments*; Statutory Citation

PA 450 of 1980, *PA 280 of 1986*; M.C.L. 125.1801 et seq, M.S.A. 3.540(201)

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 35) to finance development efforts 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.

Benefits and Eligibility Criteria

Capture of non-local tax revenues for eligible TIFA property allows authority to finance public improvements to the district. Formerly open to any city in Michigan. Applicant city had to show evidence of deteriorating property values in the proposed development area.

"Public facility," eligible for TIF, means 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. As used in this subparagraph, public institution or administration building includes, but is 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 is 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 37) in 1986.

Data and Source

The following municipalities have Tax Increment Finance Authorities:

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

Taxable Bond Program

Enabling Act; Statutory Citation

1984 PA 270 (Michigan Strategic Fund legislation), M.C.L. 125.2001 et seq., M.S.A. 3.541(201) et seq.

Summary Program Description

A bond program that offers longer term financing options to small and medium-sized companies.

Benefits and Eligibility Criteria (courtesy MEDC)

Taxable bonds offer longer-term, fixed-rate alternatives for businesses wishing to expand but unable to service debt issued in conventional bond markets. Longer-term (10-20 years) bonds offer by the program alleviate cash-flow problems often present in conventional bond markets.

Bond applicants need to meet the priority and target objectives of the Strategic Fund. The Taxable Bond program can provide up to 100 percent of a projects's cost including fixed assets and working capital. Also, projects eligible before the 1986 tax reform act are eligible including commercial facilities, air and water pollution control facilities. 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.

Target objectives on 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.

Terms and Performance Guarantees

Consult the Michigan Strategic Fund in the MEDC 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 in 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 amount over $10 million

Taxable bonds are secured by company equity and future revenue.

Certification of Abandoned Property for Accelerated Foreclosure Act

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 then 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*.

Benefits and Eligibility Criteria
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 should compel more rapid payment of property taxes, under threat of an accelerated loss of the property.

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

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. 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 hereby 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 abandoned property to officially determine it as such. 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*. PA 132, the Tax-Reverted Property Emergency Disposal Act is described on page 47.

Other Local Unit Options

Certified Business Parks

Enabling Act; Statutory Citation

Business Park Certification is granted by the Michigan Economic Development Corporation. Authorization for Certified Business Parks is found in the Local Development Financing Act, 1986 PA 281; M.C.L. 125.2152, M.S.A. 3.540(352)

Summary Program Description

Business Park certification is offered by the Michigan Economic Development Corporation to promote uniformity and a set of minimum standards for industrial parks. Such standards ensure that the park will suit the needs of businesses considering moving there.

Benefits and Eligibility Criteria

Business Park Certification serves as a marketing tool. Prospective tenants have confidence that Certified Business Parks meet a minimum set of standards (described below) necessary to conduct business.

For Business Park Certification, parks must:

1) Contain not less than 40 acres of land.

2) Be zoned exclusively for use for eligible property. Eligible property includes business operations that engage in any of the following activities:

i) the manufacturing or processing of goods or materials by physical or chemical change;

ii) agricultural processing;

iii) a high technology activity that has as its primary purpose research, product development, engineering, laboratory testing, or development of industrial technology.

Other Local Unit Options

3) Have a site plan or plat approved by the city, village, or township in which the land is located.

4) The developer of the land agrees to comply with other requirements imposed by the Michigan Jobs Commission under the Certified Business Park program.

Terms and Performance Guarantees

Business Park Certification also requires, in keeping with park uniformity, that the following features are legally enforceable through local zoning or deed restrictions (courtesy of the Michigan Economic Developers Association 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 shall 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 shall 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 shall be situated, erected or maintained on the property or any lot. With the intent to have an aesthetically pleasing building, the buildings will 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 will retain 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 will be seeded or sodded and shrubs and trees must be planted to maintain a parklike 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 curb. Areas that are disturbed (such as through excavation, grading, etc.) must be restored to the above standards within 6 months. Landscaping will be installed within one-year of the Certificate of Occupancy. All developments must meet state and local groundwater and watershed standards.

4. **Improved Parking** - This restriction is intended to reduce the noise, dust, and potholes in Certified Business Parks. At a minimum, all parking areas, driveways, truck turnaround areas and truck loading/unloading areas will be paved with concrete, asphalt or other hard surface material. Parking must be well maintained.

5. **Screened Outdoor Storage** - All activities of a business will be carried on within the confines of the building. In those instances when outside storage is a neces-

sity, an opaque fence or wall (that is architecturally compatible to the building's finished materials), or landscaping will 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 will be designed to permit the pickup and delivery of materials without impeding the public right of way. Design of the truck wells of loading area will 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 will have the authority to enforce the covenants and restrictions on all tenants and future tenants of the park. Management must also maintain nondevelopment and non-developable areas located within the park.

8. **Setback Specifications** - To maintain a pleasant atmosphere within the park, the following minimum requirements must be stated in the Protective Covenants: 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 shall be permitted. Signs must be permanent, may be of a freestanding nature, or attached to the building except that the 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

Currently Certified Business Parks in Michigan:

County, Park Name, Location (if available), Certification Date, Contact Number

Allegan	**Allegan Highlands Industrial Park** - Oct. 1998 - (616) 673-5511
Alpena	**Alpena North Industrial Park** - US 23 North - 1998 - (517) 354-2666
Barry	**Tyden Industrial Park** - 210 N. Industrial Pl. - Sept. 1998 - (616) 945-9501
Bay	**Valley Center Industrial Park** - Mackinaw Rd. - Dec. 1998 - (517) 893-5596
Calhoun	**Fort Custer Industrial Park** - 4950 W. Dickman Road - 1998 - (616)962-7526
	L. Alta Brooks Industrial Park - 1996 - (616) 781-5183
	Albion Industrial Park - 1996 - (517) 629-3926
Cass	**Dowagiac Industrial Park** - July 1998 - (616) 782-2195
Charlevoix	**Boyne City Air Industrial Park -** M-75 Hwy. - 1998 - (616) 582-6597
Chippewa	**Chippewa County Air Industrial Park** - 1998 - (906) 495-5631
	Sault Ste. Marie Industrial Park - Sept. 1998 - (906) 635-9131
Clinton	**St. Johns Industrial Park** - 121 E. Walker St. - July 1998 - (517) 224-8944
Delta	**North Bluff Industrial Park** - Gladstone - Sept. 1998 - (906) 428-3636
Eaton	**Samuel Combs Industrial Park** - Parkland Drive - April 1999 - (517) 543-8854
Genesee	**Fenton Industrial Corridor** - US 23-201 Industrial Park - April 1999 (248) 589-1885
Gratiot	**Alma Industrial Park** - Oct. 1998 - (517) 875-2083
	Ithaca Industrial Park - 129 W. Emerson - Oct. 1998 - (517) 875-2083
	Woodside Industrial Centre - Oct. 1998 - (517) 875-2083
Hillsdale	**Litchfield Industrial Park** - Simpson Drive - July 1998 - (517) 542-2921
Ingham	**Leslie Industrial Park** - 1996 - (517) 676-7285
	Stockbridge Industrial Park - 1996 - (517) 676-7285
	Webberville Business Park - 1998 - (517) 676-7285
	Williamston I-96 Industrial Park - 161 E. Grand River - July 1998 - (517) 655-2774
Iron	**Iron River Industrial Park** - 1997 - Unknown
Isabella	**Mt. Pleasant Industrial Park-North** - Sept. 1998 - (517) 772-2858
	Mt. Pleasant Industrial Park-South - Sept. 1998 - (517) 772-2858
	Isabella University Park - Sept. 1998 - (517) 772-2858

Other Local Unit Options

Certified Business Parks, continued

Jackson	**Micor Industrial Park** - 1998 - (517) 787-5500
	Blackman Twp. Certified Industrial Park - 1998 - (517) 788-4455
Kalamazoo	**Comstock Commerce Park** 8612 E. Michigan Ave. - Sept. 1998 - (616) 345-3859
Kent	**Piedmont Industrial Park** - Byron Twp. - April 1999 (616) 285-8900
	Dan Koster Memorial Center - 74th St & Clyde Park - April 1999 - (616) 538-9460
	Greenbrooke Industrial Park - E. Paris Ave. - April 1999 - (616) 554-2711
	North Wilson Commerce Park - Walker - Oct. 1998 -(616) 456-7114
Lapeer	**Lapeer Industrial & Research Park** - 1997 - (313) 667-0080
Livingston	**Mcpherson Industrial Park** - 1998 - (810) 227-5299
	Trans West Industrial Park - 1998 - (734) 453-2000
Manistee	**Manistee Industrial Park -** 1998 - (616) 723-2558
Marquette	**River Park Complex** - 1997 - (906) 228-8200
Mason	**Ludington Industrial Park** - Dec. 1998 - (616) 845-6646
	Pere Marquette Industrial Park - Dec. 1998 - (616) 845-6646
Muskegon	**Whitehall Industrial Park** - White Lake Dr., Peach St. & Benston Rd. - Oct. 1998 - (616) 894-4048
Midland	**Eastwick Industrial Park** - Sept. 1998 - (517) 839-0340
Monroe	**Frenchtown Charter Township Industrial Park** - N. Dixie Hwy. at I-75 - July 1998 - (734) 242-5800
Montcalm	**Greenville Industrial Park** - July 1998 - (616) 754-5645
Muskegon	**Port City Industrial Center** - Dec. 1998 - (616) 724-6702
	Norton Industrial Center - June 1994 - (616) 728-4391
	Newaygo Fremont Industrial Park - Industrial Park Dr. & M-82 July 1998 - (616) 924-2101
Oakland	**Metro North Technology Park** - Dec. 1998 - (734) 453-2000
	Farmington Hills Freeway Industrial Park - 1998 - (248) 539-8700
	Farmington Research & Industrial Center - 1998 - (248) 539-8700
Oceana	**Hart Industrial Park** - 1998 - (616)873-2488
Ottawa	**Holland Economic Development Corp.** - Sept. 1988 - (616) 392-2389
	Southwide Industrial Park - Sept. 1998 - (616) 392-2389
	Tallmadge Industrial Park - Lake Michigan Dr. N.W. - Oct. 1998 - (616) 453-1241
	North Wilson Commerce Park - 98 Ottawa Ave. N.W. - 1998 - (616) 456-7114
Saginaw	**Bridgeview Manufacturing Services Center** - Sherman Road Sept. 1998 - (517) 785-0931
St. Clair	**St. Clair County Air Industrial Park** - July 1998 - St. Clair MI
	Christian B. Haas Industrial Park - Yankee Range Rd. - July 1998
St. Joseph	**Centreville Industrial Park** - Centreville - June 1999 - (616) 467-4855
	Three Rivers Area Enterprise Park US-131 & M-60 - December 1998 - (616) 278-8193
Tuscola	**Caro Industrial Park** - Prospect Ave. & Empire Dr. - December 1998 - (517) 673-7671
Van Buren	**Bangor Industrial Park** - 257 W. Monroe - October 1998 - (616) 427-5832
	Lawrence-Crandall Business Centre - Lawrence, MI - June 1999 - (616) 674-3888
Washtenaw	**Plymouth Park** - 1998, William Martin, 115 Depot St.. - Ann Arbor, MI
	Donald E. Shelton Industrial Park - July 1998 - (734)429-6907 Ext. 236
	Edward F. Redie Industrial Park - (734) 429-6907 Ext. 236
	Washtenaw Business Park - October 1998 - (734) 453-2000
Wayne	**Grosse Ile Industrial Air Park** - 1998 - (313) 675-0155
	Plymouth Oaks Business Park - July 1998 - (734) 453-2000
	Metro-West Technology Park - October 1998 - (734) 453-2000
	Metro-West Industrial Park - July 1998 - (734) 453-2000
	Oakwood Industrial Park - 5301 Oakman Blvd. - October 1998 - (313) 584-8720
Wexford	**Harry Vanderjaq Industrial Park** - 1998, City of Cadillac, 200 Lake St., Cadillac, MI 49601

Other Local Unit Options

Source: Michigan Economic Developers Association

Conditional Land Transfers

Enabling Act, *Major Amendments*; Statutory Citation
1984 PA 425, *1990 PA 22*; M.C.L. 124.21 et seq.; M.S.A. 5.4087(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."

Benefits and Eligibility Criteria
Open to any city, village or township in Michigan. Program benefits are that two local units of government may 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 no more than 50 years. 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.

According to William B. Beach of Miller Canfield, Paddock and Stone, in a 1998 presentation to the Annexation program of the Michigan Municipal League, the following are required terms and conditions for local units when executing PA 425 agreements:

Purpose and Consideration: Factors taken into consideration by 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: Length of term of agreement must be spelled out. 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.

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

Changes since Program Inception
In 1990, PA 425 of 1984 was amended to include housing development in the definition of economic development projects allowed under the Act.

Data and Source
See Appendix G for a list of PA 425 agreements in effect in Michigan.

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.

Economic Development Corporations Act

Enabling Act, *Major Amendments*, 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 is necessary in the land acquisition process to assist private sector interests with industrial economic development efforts. PA 338 of 1974 allowed local units of government to establish development corporations to assist private developers with 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 typically not extend to property not expressly held as such.

Benefits and Eligibility Criteria

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.

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

Discussion

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

While this Act has been overshadowed by the use of more popular tax increment finance districts, the importance of forming an economic development corporation for property acquisition was underscored in 1992 when the City of Mt. Pleasant purchased 250 acres of land and annexed it, with an ultimate intent of converting the property to some form of mixed, public use. Due to a misunderstanding of the intent of the Act, the city chose not to form an economic development corporation, or a building authority (see below), and mistakenly assumed that the property would enjoy tax-exempt status under the General Property Tax Act, which extends tax-exempt status to city-owned property held for "public purpose."

Tax-Reverted Property Emergency Disposal Act

Enabling Act; Statutory Citation
1999 PA 134; M.C.L. 211.971 et seq.

Summary Program Description
A statute that allows local units to gain clear title for tax-reverted properties returned from the State of Michigan. Tax-reverted properties are those that have reverted to state ownership for unpaid property taxes. Historically, the return of reverted property deeds to the local unit has posed marketability problems for the local unit, insofar as title insurance is difficult to obtain on such properties, due to real or perceived notice problems associated with the reversion process. The Tax-Reverted Property Emergency Disposal Act allows local units with such properties to subject them, en masse, to quiet title actions in circuit court, instead of the previous quiet title process of separate complaints for each property.

A discussion of this and other problems associated with tax-delinquent property in Michigan are discussed in Citizens Research Council of Michigan Report No. 325, *Delinquent Property Taxes as an Impediment to Development in Michigan.*

Benefits and Eligibility Criteria
Benefits include a less time-consuming process for title clearance of significant numbers of tax-delinquent parcels in the local unit. Instead of a local unit having to submit separate complaints (and attend separate hearings) on quiet title actions, local units may now consolidate (M.C.L. 211.975) all such tax-reverted properties into one complaint.

It should be noted that the local unit must still pay for title insurance work on all such properties before submitting them to quiet title actions, although assistance with funding for tax-reverted properties in urbanized areas may be applied for under the Michigan Core Cities Fund (see page 9).

Local units of government in Michigan that have received tax-reverted properties from the state are eligible.

Terms and Performance Guarantees
Local unit of government must identify tax-reverted properties within its jurisdiction and pass a resolution stating that a backlog of tax-reverted properties impairs their marketability, and that they contribute to the spread of neighborhood blight and deterioration.

The local unit must then contract for title work on properties to be disposed of under the Act, and all recorded interests found on tax-reverted titles must be given notice of the following information:

1. Date the property was deeded to the local unit.

2. Date of the impending court hearing on the action to quiet title.

3. Statement that the person stands to lose his or her interest in the property as a result of the impending action to quiet title.

4. A legal description or parcel number of the tax-reverted property, and a street address, if available.

5. The person or persons to whom the notice is addressed.

6. The total amount of taxes, fees, penalties and interest due as of the expiration of the redemption period at the state.

7. Statement that unless the total amount of taxes, fees, penalties and interest is paid before judgment is entered to quiet title, then absolute title shall vest in the local unit of government without any redemption rights.

Discussion
This program developed concurrently with major changes enacted to the General Property Tax Act that pertain to the tax delinquency process. Specifically, this Act was passed to address development problems encountered in the City of Detroit, with an estimated 40,000 - 45,000 such properties. The Tax Reverted Property Emergency Disposal Act was passed as companion legislation to PA 123 and 132 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.*

Waiver of Personal Property Tax

Enabling Act, *Major Amendments*, Statutory Citation
1998 PA 328, *1999 PA 20*; M.C.L. 211.9f et seq.

Summary Program Description
Qualified 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.

Benefits and Eligibility Criteria
Qualified local units of government choosing to eliminate new personal property taxes on qualified property offer a competitive advantage in business attraction, namely, a built-in tax abatement on personal property.

PA 328 agreements may be executed only in the following assessing districts in qualified local units of government:

(i) Industrial Facilities Property Tax Authorities (page 18)

(ii) Renaissance Zones (page 25)

(iii) Enterprise Zones (page 14)

(iv) Brownfield Redevelopment Authorities (page 31)

(v) Federal Empowerment Zones or Enterprise Communities (pages 1 to 3)

(vi) Tax Increment Finance Authorities (page 39)

(vii) Local Development Finance Authorities (page 37)

(viii) Downtown Development Authorities (page 34)

Other Local Unit Options

Eligible local units of government are defined as those that contain an eligible distressed area as defined by the Michigan State Housing Development Authority. Eligible distressed areas are defined in Appendix A. As of June 2000, local units in Michigan with eligible distressed areas are:

Albion	Alma	Alpena
Bangor	Battle Creek	Bay City
Benton Harbor	Bronson	Burton
Carson City	Caspian	Cheboygan
Coleman	Detroit	Dowagiac
Ecorse	Escanaba	Ferndale
Flint	Gladstone	Grand Rapids
Grayling	Hamtramck	Harbor Beach
Hazel Park	Highland Park	Inkster
Ionia	Iron River	Ironwood
Ishpeming	Jackson	Kalamazoo
Lansing	Lincoln Park	Ludington
Manistee	Manistique	Melvindale
Mt. Morris	Muskegon	Muskegon Hts
Oak Park	Onaway	Owosso
Pinconning	Pontiac	Port Huron
River Rouge	Saginaw	Sault Ste. Marie
St. Louis	Stambaugh	Vassar
Wakefield	Wayne	Wyandotte
Ypsilanti		

Townships (county)

Benton (Berrien)	Brookfield (Huron)
Buena Vista (Saginaw)	Calumet (Houghton)
Carrollton (Saginaw)	Champion (Marquette)
Columbus (St. Clair)	Covington (Baraga)
Emerson (Gratiot)	Fairfield (Lenawee)
Fairgrove (Tuscola)	Genesee (Genesee)
Indian Fields (Tuscola)	McMillan (Luce)
Mount Morris (Genesee)	Mueller (Schoolcraft)
Osceola (Houghton)	Posen (Presque Isle)
Royal Oak (Oakland)	Sherman (Keweenaw)
Spaulding (Saginaw)	Turner (Arenac)
Vernon (Isabella)	Wheeler (Gratiot)
Winsor (Huron)	Wisner (Tuscola)
Zilwaukee (Saginaw)	

Changes Since Program Inception
PA 20 of 1999 amended PA 328 of 1998 to disallow exemptions on leased personal property.

Data
Though too new for analysis, this program, if implemented, could reduce the demand for PA 198s (Industrial Facilities Property Tax Abatements) in qualified assessing districts in Michigan's distressed communities. Given that existing PA 198 agreements abate approximately 80 percent personal and 20 percent real property taxes, the incentive for businesses to request a PA 198 is greatly reduced if the project is in one of the eligible assessing districts and the local unit chooses to exercise the PA 328 provisions.

Economic Development Job Training Program

Enabling Act; Statutory Citation

1984 PA 270 (Michigan Strategic Fund Act); MCL 125.2001 et seq., M.S.A. 3.541(201)

Summary Program Description

Grant program augmented by employer match that permits employers to develop and implement customized job training for job creation and improved job skills.

Data and Source

According to the Michigan Department of Management and Budget, the fiscal year 2002 recommendation for this program continues $31 million 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. Up to $1 million may be used for worker recruitment activities by Michigan companies.

Number of grants awarded in 1999:	146
Grant funding provided by state:	$25,749,000
Grant funding by employer match:	$18,475,000
Number of workers trained:	58,343

source: Michigan Economic Development Corporation

According to the MEDC, the following job training institutions were partners in Economic Development Job Training Grants in 2000:

Alpena Community College
Baker College Corporate Services
Bay de Noc Community College
Benton Harbor Workforce Development Consortium
Central Michigan University
Davenport College
Delta College
Eastern Michigan University
Eaton Intermediate School District
Education and Training Connection
Ferris State University Technology Transfer Center
Focus:HOPE
Glen Oaks Community College
Goodwill Industries of Greater Grand Rapids
Grand Haven Area Public Schools
Grand Rapids Community College
Henry Ford Community College
Hillsdale Workforce Development and Tech Center
Ingham Intermediate School District
Jackson Community College
Kalamazoo Valley Community College
Kellogg Community College
Kent Intermediate School District
Lake Michigan College
Lansing Community College
Lenawee Training and Education Consortium
Macomb Community College
Marquette-Alger Intermediate School District
Mid-Michigan Community College
Monroe County Community College
Montcalm Community College
Mott Community College
Muskegon Community College
Newaygo County Intermediate School District
North Central Michigan College
Northwest Michigan Council of Governments
Northwest Michigan College
Oakland Community College
Oakland University
Ottawa County Michigan Works!
Saginaw Valley State University
Schoolcraft College
Southwestern Michigan College
St. Clair County Community College
Tuscola Intermediate School District
Washtenaw Community College
Wayne County Community College
West Shore Community College
Zeeland Public Schools/Community Education

Michigan Works! (Workforce Development Association)

Summary Program Description

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

The following is a list of Michigan Works offices throughout the state:

County(s)
Michigan Works! Office and address

Allegan, Kent
Area Community Service Employment and Training Council
144 E. Fulton
Grand Rapids, MI 49503 (616) 336-4100

Barry, Branch, Calhoun
Calhoun Intermediate School District
17111 G Drive, North
Marshall, MI 49068 (616) 789-2409

Clinton, Eaton, Ingham
Capital Area Michigan Works!
1850 W. Mt. Hope Avenue
Lansing, MI 48910 (517) 487-0106

Genesee, Shiawassee
Career Alliance Incorporated
711 N. Saginaw, Ste 300
Flint, MI 48503-1452 (810) 233-5974

Gratiot, Isabella, Ionia, Montcalm
Central Area Partnership Consortium
904 Oak Drive (Turk Lake)
PO Box 368
Greenville, MI 48838 (616) 754-9315

Wayne (Detroit only)
City of Detroit Employment and Training Department
707 W. Milwaukee, 5th Floor
Detroit, MI 48202 (313) 876-0700

Job and Employment Training

Chippewa, Luce, Mackinac
Eastern Upper Peninsula Employment and Training Consortium
1122 East Easterday
Sault Ste. Marie, MI 49783 (906) 635-1752

Kalamazoo, St. Joseph
Kalamazoo - St. Joseph Michigan Works!
536 W. Lovell Street
Kalamazoo, MI 49007 (616) 349-1533

Livingston
Livingston County Job Training Services
1259 E. Grand River Avenue
Howell, MI 48843 (517) 546-7450

Macomb, St. Clair
Macomb/St. Clair Workforce Development Board
21885 Dunham, Suite 11 - VerKuilen Building
Clinton Township, MI

Berrien, Cass, Van Buren
Michigan Works! Berrien-Cass-Van Buren
185 E. Main, Suite 303
Benton Harbor, MI 49022
(616) 927-1064 (800) 533-5800

Lake, Mason, Mecosta, Newaygo, Osceola
Michigan Works! West Central
110 Elm Street
Big Rapids, MI 49307 (231) 796-4891

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

Alcona, Alpena, Cheboygan, Crawford, Montmorency, Presque Isle, Oscoda, Otsego
Northeast Michigan Consortium
20709 State Street PO Box 711
Onaway, MI 49765 (517) 733-8548

Antrim, Benzie, Charlevoix, Emmet, Grand Traverse, Kalkaska, Leelanau, Manistee, Missaukee, Wexford
Northwest Michigan Council of Governments
2194 Dendrinos Drive PO Box 506
Traverse City, MI 49685-0506
(231) 929-5000 f: (231) 929-5012

Oakland
Oakland County Michigan Works!
1200 N. Telegraph Road Dept. 437
Pontiac, MI 48341-0437 (248) 858-5520

Michigan Works! - continued

Ottawa
Ottawa County Department of Employment and Training
12251 James Street, Ste 300
Holland, MI 49424 (616) 393-5697

Arenac, Clare, Gladwin, Iosco, Ogemaw, Roscommon
Region 7B Employment and Training Consortium
402 N. First Street PO Box 408
Harrison, MI 48625 (517) 539-2173 (888) 401-STOP

Bay, Midland, Saginaw
Saginaw-Midland-Bay Michigan Works!
1600 N. Michigan, Room 400
Saginaw, MI 48602 (517) 754-1144

Alger, Delta, Dickinson, Marquette, Menominee, Schoolcraft
Six County Employment Alliance
2831 N. Lincoln Road
Escanaba, MI 49829 (906) 789-0558

Hillsdale, Jackson, Lenawee
South Central Michigan Works!
2075 West Bacon Road
Hillsdale, MI 49242 (517) 437-0990

Monroe, Wayne (non-Detroit)
Southeast Michigan Community Alliance
8750 S. Telegraph Rd. Suite 400
Taylor, MI 48180 (313) 295-1200

Huron, Lapeer, Sanilac, Tuscola
Thumb Area Employment and Training Consortium
3270 Wilson Street
Marlette, MI 48453 (517) 635-3561

Washtenaw
Washtenaw County MichiganWorks!
Service Center
304 Harriet
Ypsilanti, MI 48197 (800) 285-Works f: (734) 481-2516

Baraga, Gogebic, Houghton, Iron, Keweenaw, Ontonagon
Western Upper Peninsula
100 W. Cloverland Drive
Ironwood, MI 49938 (906) 932-4059

Youth Registered Apprenticeship Tax Credit

Enabling Act, *Major Amendments*; Statutory Citation
1996 PA 593, *1999 PA 184; 1999 PA 115*; 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.

Benefits and Eligibility Criteria
(courtesy of the Michigan Economic Development Corporation)
A Single Business Tax credit of up to $2,000 annually per apprentice is available to employers who, through registered apprenticeships, train young people while they are still in high school. The tax credit is for 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.

One of the major issues for employers engaged in the School-to-Apprenticeship discussion 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 will help alleviate some of the financial burden for employers involved in training registered apprentices through School-to-Apprenticeship.

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 nine components:

1. Sponsored by employers and others that have the ability to hire and train in a work environment.

Job and Employment Training

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-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 being combined with classroom work.

Wages are paid on a graduated scale leading to journey 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.

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 text preparation program.

Tax Credit Coverage
The youth registered apprenticeship tax credit is up to $2,000 annually per apprenticeship and applies to the 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

Youth Registered Apprenticeship Tax Credit, continued

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-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. These local boards will report quarterly to the Michigan Jobs Commission on the number of School-to-Apprenticeships filed with them.

If the tax credit exceeds the employers' tax liability, that portion which exceeds the liability will be refunded to the employer. There is a three year sunset provision on the legislation in order to evaluate the cost and usefulness of the tax credit. For more information on the Youth Registered Apprenticeship Tax Credit, contact the Michigan Jobs Commission at (517) 373-9808.

Changes Since Program Inception

In 1999, Public Act 115 was passed which reduced the single business tax by one-tenth of a percentage point annually.

Data and Source

The Michigan Jobs Commission believes that Michigan currently leads the nation in the number of high school students in registered apprenticeship programs, current figures range between 100-200 young people annually in registered apprenticeships.

Source: Michigan Economic Development Corporation

Miscellaneous Economic Development Authorities

Building Authorities

Enabling Act, *Major Amendments*, Statutory Citation
PA 31 of 1948 (1st Ex. Sess.); M.C.L. 123.951, M.S.A. 5.301(1)

Summary Program Description
Building Authority legislation enables local units of government to acquire and/or develop buildings and sites for public use. Established Building Authorities have full condemnation powers.

Benefits and Eligibility Criteria
Eligible local units of government are counties, cities, villages or townships. Joint authorities between one or more units of government are allowable.

International Tradeports

Enabling Act; Statutory Citation
International Tradeport Development Authority Act, 1994 PA 325; M.C.L. 125.2521 et seq.

Summary Program Description
This act allows local units that have airports having 10,000 foot runways and full U.S. Customs facilities to establish a contiguous tax authority of at least 5,000 acres that contains the airport.

Benefits and Eligibility Criteria
Tradeport authority legislation allowed qualifying local units of government to limit legal liability to the authority, and allowed such authorities to acquire insurance against loss in connection with the property, assets, or activities of the authority.

Open to any city village or township in Michigan. International Tradeports under this act must contain an airport with a runway of at least 10,000 feet, and full-time United States Customs service.

Land Reclamation and Improvement Authorities

Enabling Act; Statutory Citation
PA 173 of 1992; M.C.L. 125.2451 et seq.

Summary Program Description
An act that seeks to reclaim blighted property, including land previously used for mining, commercial, or industrial purposes, and to convert that property to useful recreational, residential or commercial purposes.

Benefits and Eligibility Criteria
Statutory benefits include authorization to carry out an 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 to let leases for property acquired under this act.

Miscellaneous Statewide Economic Development Programs

Michigan Life Sciences Corridor

The fiscal year 2002 recommendation includes $50 million in Tobacco Settlement Trust Fund revenues for the Life Sciences Corridor. This funding will support biotechnology research at Michigan's major research institutions. This initiative is intended to support research activities that will attract life science technology companies to Michigan. In addition, $5 million of this funding is earmarked for the purpose of setting up an early stage venture capital fund to promote and market commercialization activities for the life sciences sector. Since its inception in 1999, nearly $100 million has been granted to 63 life sciences projects at Michigan-based universities, research institutions and businesses. More than 500 proposals for more than $600 million have been received for this competitive grant program.

(courtesy Michigan Economic Development Corporation)

Michigan Site Network (MISiteNet)

The Michigan Site Network (MISITENET) is a cooperative industrial/commercial site database. It provides information on individual sites, including characteristics, digitized photographs, location maps, aerial photos, detailed topographic maps, brownfield data, 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, including land, buildings, and state-certified industrial parks.

MISiteNet is accessible at www.misitenet.com.

Miscellaneous County and Local Economic Development Programs

Michigan Tax Lien Sale and Collateralized Securities Act

Enabling Act; Statutory Citation
PA 379 of 1998; M.C.L. 211.921 et seq.

Technically a statewide program, the Michigan Tax Lien Sale and Collateralized Securities Act is included here because it effectively applies only in the cities of Detroit and Kalamazoo. The Act relates to the real property tax collection process, which, in those cities, is unique insofar as the local portion of delinquent property taxes is collected locally, as compared to all other local units in Michigan, where local delinquencies are collected by the county. A description of the tax delinquency collection process for counties and most local units is found at www.crcmich.org in a Citizens Research Council of Michigan memorandum No. 1052 entitled *Changes to the Property Tax Delinquency and Reversion Process in Michigan*.

Upon placement of a lien on the property by the local unit for delinquent taxes, the Michigan Tax Lien Sale and Collateralized Securities Act allows affected local units to securitize the liens and sell them to investors. Sale of liens relieves affected local units of collection duties, and raises revenue foregone to delinquency, albeit less than if all delinquencies were redeemed.

Benefits and Eligibility Criteria
Benefits include the ability to securitize outstanding tax debts and sell them for the purpose of raising tax revenue and to enforce tax collections, usually an expensive process.

Only local units that do not return local portions of delinquent real property taxes to the county for collection are eligible for program participation. Currently, this includes only the cities of Detroit and Kalamazoo.

Terms and Performance Guarantees
Tax-lien collateralized security bonds may not exceed an interest rate of 10 percent.

Discussion
This act predates by one year the 1999 amendments to the General Property Tax Act that pertain to the property tax delinquency and reversion process.

Appendix A

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, 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).

As of June 2000, the following local units of government contain Eligible Distressed Areas:

Albion	Alma	Alpena
Bangor	Battle Creek	Bay City
Benton Harbor	Benton Twp.	Brookfield Twp.
Bronson	Buena Vista Twp.	Burton
Calumet Twp.	Carrollton Twp.	Carson City
Caspian	Champion Twp.	Cheboygan
Coleman	Covington Twp.	Detroit
Dowagiac	East Lansing	Ecorse
Emerson Twp.	Escanaba	Fairfield Twp.
Fairgrove Twp.	Ferndale	Flint
Genesee Twp.	Gladstone	Grand Rapids
Grayling	Greenland Twp.	Hamtramck
Harbor Beach	Hazel Park	Highland Park
Indianfields Twp.	Inkster	Ionia
Iron River	Ironwood	Ishpeming
Jackson	Kalamazoo	Lansing
Lincoln Park	Ludington	Manistee
Manistique	Melvindale	McMillan Twp.
Mount Morris	Mt. Morris Twp.	Mueller Twp.
Muskegon	Muskegon Hghts.	Oak Park
Onaway	Osceola Twp.	Owosso
Pinconning	Pontiac	Port Huron
Posen Twp.	River Rouge	Royal Oak Twp.
Saginaw	Sault Ste. Marie	Sherman Twp.
St. Louis	Spaulding Twp.	Stambaugh
Turner Twp.	Vassar	Vernon Twp.
Wakefield	Wayne	Wheeler Twp.
Winsor Twp.	Wisner Twp.	Wyandotte
Ypsilanti	Zilwaukee Twp.	

Appendices

Appendix B

Qualified Local Governmental Units under Public Act 146 of 2000 (Obsolete Property Rehabilitation Act)

As of June 2000, the following local units of government are eligible to use the Obsolete Property Rehabilitation Act of 2000 (PA 146):

Adrian	Albion	Alma
Alpena	Ann Arbor	Baldwin Village
Bangor	Battle Creek	Bay City
Benton Harbor	Benton Twp.	Big Rapids
Bronson	Buena Vista Twp.	Burton
Cadillac	Carson City	Caspian
Cheboygan	Coleman	Dearborn
Dearborn Heights	Detroit	Dowagiac
East Lansing	Eastpointe	Ecorse
Escanaba	Ferndale	Flint
Genesee Twp.	Gibraltar	Gladstone
Grand Haven	Grand Rapids	Grayling
Hamtramck	Harbor Beach	Harper Woods
Hazel Park	Highland Park	Holland
Inkster	Ionia	Iron River
Ironwood	Ishpeming	Jackson
Kalamazoo	Lansing	Lincoln Park
Livonia	Ludington	Manistee
Manistique	Marquette	Melvindale
Midland	Monroe	Mount Morris
Mt. Morris Twp.	Mount Pleasant	Muskegon
Muskegon Hghts.	Oak Park	Onaway
Owosso	Pinconning	Pontiac
Port Huron	Redford Twp.	River Rouge
Royal Oak Twp.	Saginaw	St. Louis
Sault Ste. Marie	Southfield	Stambaugh
Sturgis	Taylor	Traverse City
Trenton	Vassar	Wakefield
Warren	Wayne	Wyandotte
Ypsilanti		

Eligible Properties for Obsolete Property Rehabilitation Act

In order to be eligible for an Obsolete Property exemption certificate, a property must meet the Brownfield Redevelopment Financing Act's (PA 381 of 1996; M.C.L. 125.2651) definition of "functional obsolescence," ***or*** the Brownfield Redevelopment Financing Act's definition of "blighted," ***or*** 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.

"Contaminated 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.

Appendix C

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 and Indian Reservations in Michigan with HUBZone designation, see page 6.

County - Tract(s)

Bay - 2802 2803 2804 2807 2811

Berrien - 0001 0002 0003 0004 0005 0006 0021 0022 0023 0205

Calhoun - 0002 0003 0004 0033 0036

Cass - 0009

Clare - 9809 9812

Genesee - 0001 0002 0004 0006 0008 0010 0011 0014 0015 0017 0018 0020 0021 0022 0025 0028 0029 0032 0034 0037 0038 0103 0122.02

Houghton - 9903

Ingham - 0002 0003 0006 0007 0008 0013 0014 0015 0019 0020 0041 0043.02 0044.01 0044.02

Iosco - 9904 9905

Isabella - 9511

Jackson - 0006 0010 0011 0012 0059

Kalamazoo - 0001 0002.01 0002.02 0003 0004.02 0006 0008.01 0008.02 0009 0015.04 0015.07

Kent - 0015 0020 0021 0025 0026 0028 0030 0031 0032 0036 0038 0039

Keweenaw - 9601

Lake - 9604 9606 9607

Lenawee - 0613 0616

Macomb - 2400 2450 2471 2638

Marquette - 0003 0005

Monroe - 8318 8321

Muskegon - 0001 0002 0003 0005 0006.01 0006.02 0011 0012

Newaygo - 9702

Oakland - 1412 1416 1417 1418 1421 1422 1423 1424 1425 1427 1724 1725

Ogemaw - 9508

Roscommon - 9702

Saginaw - 0001 0002 0003 0004 0005 0006 0007 0008 0009 0010 0011 0013 0017 0109

Shiawassee - 0312

St. Clair - 6200 6210 6230 6240 6250

St. Joseph - 0404

Van Buren - 0106 0107

Washtenaw - 4001 4002 4003 4005 4007 4008 4022 4026 4106 4107 4110 4111 4112

Wayne - 5004 5005 5006 5020 5034 5035 5036 5037 5039 5040 5041 5042 5043 5044 5045 5046 5047 5048 5052 5053 5063 5064 5065 5070 5071 5072 5073 5074 5075 5076 5077 5078 5079 5080 5102 5103 5104 5105 5106 5107 5108 5109 5111 5112 5113 5114 5115 5116 5117 5121 5122 5123 5124 5126 5129 5132 5134 5135 5136 5139 5140 5141 5142 5143 5145 5146 5147 5148 5149 5150 5151 5152 5153 5155 5156 5161 5162 5163 5164 5166 5167 5168 5169 5173 5174 5175 5176 5178 5180 5181 5183 5184 5185 5186 5187 5188 5201 5202 5203 5204 5205 5206 5207 5209 5211 5212 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 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 5352 5361 5363 5364 5365 5366 5367 5368 5370 5371 5372 5373 5377 5378 5390 5412 5423 5435 5436 5437 5438 5439 5442 5451 5452 5453 5454 5465 5469 5521 5522 5523 5524 5525 5526 5530 5531 5532 5533 5534 5535 5536 5537 5685 5704 5706 5707 5708 5735 5736 5791 5792 5793 5795 5796 5798 5848 5860

Appendices

Appendix D

Michigan Small Business Development Centers by Region

Funded primarily by the Small Business Administration of the US Department of Commerce, Small Business Development Centers exist throughout Michigan and most of the United States. Michigan Small Business Development Centers (SBDCs) are business management assistance and training centers located throughout the state to assist people interested in starting a business as well as existing businesses with less than 500 employees.

According to the Michigan Economic Development Corporation, SBDCs provide no-cost business management consulting and low-cost training to Michigan's businesses. On a daily basis, 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 SBDC 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 SBDCs.

Michigan SBDC State Office: Grand Valley State University
510 W Fulton Street
Grand Rapids, MI 49504
p: (616) 336-7480 f: (616) 336-7485

For a listing of all Small Business Development Center programs and other Small Business Administration programs, contact the appropriate regional office. Most SBDC Regional Offices listed below have satellite offices not listed here. See www.sba.gov/regions/states/mi/misbdc.html for a listing of satellite offices.

SBDC Regional Office	Counties Served			
Region 1 - Upper Peninsula	Alger	Baraga	Chippewa	Delta
1st Step, Inc.	Dickinson	Gogebic	Houghton	Iron
2415 14th Avenue, South	Keweenaw	Luce	Mackinac	Marquette
Escanaba, MI 49829	Menominee	Ontonagon	Schoolcraft	
p: (906) 786-9234 or (800) 562-4442				
Region 2 - NW	Antrim	Benzie	Charlevoix	Emmet
Traverse Bay Economic	Grand Traverse	Kalkaska	Leelanau	Manistee
Development Corporation	Missaukee	Wexford		
202 E. Grandview Parkway				
Traverse City, MI 49684				
p: (616) 946-1596 f: (616) 946-2565				
Region 3 - NE	Alcona	Alpena	Cheboygan	Crawford
Alpena Community College	Iosco	Montmorency	Ogemaw	Oscoda
666 Johnson Street	Otsego	Presque Isle	Roscommon	
Alpena, MI 49707				
p: (517) 356-9021 x296 f: (517) 354-7507				
Region 4 - NW Central	Clare	Isabella	Lake	Mason
Central Michigan University	Mecosta	Montcalm	Newaygo	Oceana
256 Applied Business Studies	Osceola			
Mt. Pleasant, MI 48859				
p: (517) 774-3270 f:(517) 774-7992				

Appendix D, continued

Michigan Small Business Development Centers by Region

Region 5 - NE Central Saginaw Valley State University 7400 Bay Road University Center, MI 48710 p: (517) 791-7748 f: (517) 790-1955	Arenac Midland	Bay Saginaw	Gladwin	Gratiot
Region 6 - Thumb Area Community Capital Development Corp. 711 North Saginaw, Suite 102 Flint, MI 48503 p: (810) 239-5847 f: (810) 239-5575	Genesee Tuscola	Huron	Lapeer	Sanilac
Region 7 - West Central Grand Valley State University 401 West Fulton Grand Rapids, MI 49504 p: (616) 771-6693 f: (616) 458-3872	Kent	Muskegon	Ottawa	
Region 8 - Central Lansing Community College Business and Community Institute 520 Seymour Street Lansing, MI 48901-7210 p: (517) 483-9639 f: (517) 483-1675	Clinton Livingston	Eaton Shiawassee	Ingham	Ionia
Region 9 - SE Wayne State University 2051 Rosa Parks Blvd. Detroit, MI 48216 p: (313) 989-0020 f: (313) 989- 0505	Monroe	Oakland	Wayne	
Region 10 - SE Macomb Business Assistance Center Macomb County Administration Building 1 South Main Street Mt. Clemens, MI 48043 p: (810) 469-5118 f: (810) 469-6787	Macomb	St. Clair		
Region 11 - SW Kalamazoo College Stryker Center 1327 Academy Street Kalamazoo, MI 49006-3200 p: (616) 337-7350 f: (616) 337-7415	Allegan Calhoun	Barry Cass	Berrien Kalamazoo	Branch St. Joseph
Region 12 - South Central Washtenaw Small Business Development Center 301 W. Michigan Avenue, Suite 101 Ypsilanti, MI 48197 p: (734) 547-9170 f: (734) 547-9178	Hillsdale	Jackson	Lenawee	Washtenaw

Appendices

Appendix E

Michigan Economic Growth Authority
Definition of High-Tech Activity

The State of Michigan defines a high-technology activity in the Michigan Economic Growth Authority statute (M.C.L. 207.801 et seq). This definition is also used to define high tech activities in Public Act 247 of 2000 (amendments to the Industrial Facilities Tax Abatement program) and Public Act 248 of 2000 (amendments to the Local Development Finance Authority Act).

> A 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 as determined by the authority and whose primary business activity is 1 or more of the following:
>
> (1) Advanced computing which is any technology used in the design and development of computer hardware and software.
>
> (2) Advanced materials with engineered properties created through the development of specialized process and synthesis technology.
>
> (3) Biotechnology which is the continually expanding body of fundamental knowledge related to the functioning of biological systems.
>
> (4) Electronic device 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) Environmental technology which is the assessment and prevention of threats or damage to human health or the environment, environmental cleanup, or development of alternative energy sources.
>
> (7) Medical Device 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.

Appendix F

Michigan Economic Development Corporation Account Managers and 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 2001):

Central Michigan

Bay, Clare, Gladwin, Gratiot, Isabella, Mecosta, Midland, Osceola, Saginaw Counties - (517) 241-1666

Clinton, Eaton, Ingham, Jackson, Shiawassee Counties - (517) 373-9135

Branch, Calhoun, Hillsdale, Lenawee Counties - (517) 335-1844, (517) 241-2860

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

Genesee County - (517) 373-6302

Livingston County - (517) 335-5552

Macomb County - (313) 256-3723, (313) 256-3722

Monroe County - (517) 335-5552

Oakland County - (313) 256-1077, (517) 241-3032, (517) 373-4781, (517) 373-7723

Washtenaw County - (517) 241-4643

Wayne County - (313) 256-3197, (517) 373-7485, (517) 373-6255

Thumb Area

Huron, Lapeer, Sanilac, St. Clair and 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, Montcalm, Muskegon, Newaygo, Oceana Counties - (517) 241-1661

Kent County - (517) 241-0993, (517) 335-1844

Allegan, Ottawa Counties - (517) 373-9121

Barry County - (517) 335-1844

Kalamazoo, St. Joseph Counties - (517) 335-2124

Berrien, Cass, Van Buren Counties - (517) 373-1740

Appendices

Appendix G

Michigan Local Units With PA 425 Agreements (Conditional Land Transfers)

See page 45 for a program description of Conditional Land Transfers (PA 425 of 1984).

(# of agreements)
Adams Twp. & North Adams Village
Adrian Twp. & City of Adrian
Almont Twp. & Village of Almont
Alpine Charter Twp. & Plainfield Twp.
Bagley Twp. & City of Gaylord (2)
Beaverton Twp. & City of Beaverton
Benton Charter Twp. & City of Benton Harbor
Berlin Twp. & City of Ionia
Big Rapids Twp. & Green Twp.
Big Rapids Charter Twp. & Plainfield Twp.
Bingham Twp. & City of St. Johns (2)
Brampton Twp. & City of Gladstone
Brooks Twp. & City of Newaygo
Buckeye Twp. & City of Gladwin (2)
Burlington Twp. & Village of Union City
Carmel Twp. & City of Charlotte (2)
Caseville Twp. & Village of Caseville
City of Tecumseh & Tecumseh Twp.
Clam Lake Twp. & City of Cadillac
Coldwater Twp. & City of Coldwater (4)
Dundee Twp. & Village of Dundee
Easton Twp. & City of Ionia (2)
Eaton Twp. & City of Charlotte (2)
Elba Twp & City of Lapeer
Escanaba Twp. & City of Gladstone
Fabius Twp. & City of Three Rivers (4)
Fawn River Twp. & City of Sturgis
Fayette Twp. & City of Hillsdale
Flint Twp. & City of Flint
Fredonia Twp. & City of Marshall
Garfield Twp. & City of Traverse City
Garfield Twp. & City of Newaygo (3)
Genoa Twp. & City of Brighton
Girard Twp. & City of Coldwater
Grand Rapids Twp. & Plainfield Twp.
Grant Twp. & City of Clare
Grant Twp. & Village of Rothbury
Grout Twp. & City of Gladwin
Handy Twp. & Village of Fowlerville
Hart Twp. & City of Hart
Hartford Twp. & City of Hartford
Imlay Twp. & City of Imlay City (2)
Inverness Twp. & Benton Twp.
Ionia Twp. & City of Ionia (2)
Lapeer Twp. & City of Lapeer
Lawrence Twp. & Village of Lawrence
Lenox Twp. & City of Richmond
Leslie Twp. & City of Leslie (2)
Lincoln Twp. & City of Standish (2)
Livingston Twp. & City of Gaylord
Lockport Twp. & City of Three Rivers
Lockport Twp. & City of Three Rivers (6)
Madison Twp. & City of Adrian
Maple Valley Twp. & City of Brown City
Marengo Twp. & City of Marshall
Marion Twp. & City of Howell
City of Marlette & Marlette Twp.
Marlette Twp. & City of Marshall (4)
New Buffalo Twp. & City of New Buffalo
Newark Twp. & City of Ithaca
Newton Twp. & Emmet Twp.
City of Otsego & Otsego Twp.
Owosso Twp. & City of Owosso
Perry Twp. & City of Perry (3)
Pittsfield Twp. & City of Saline (2)
Portage Twp. & City of Houghton (2)
Portland Twp. & City of Portland
Resort Twp. & City of Petoskey
Richmond Twp. & City of Reed City
Sage Twp. & City of Gladwin
Sheridan Twp. & City of Albion (5)
Sims Twp. & City of Au Gres
South Arm Twp. & City of East Jordan
South Haven Twp & Cty of South Haven(2)
St. Clair Twp. & City of St. Clair
Summerfield Twp. & City of Petersburg
Swan Creek Twp. & Village of St. Charles
City of Tecumseh & Tecumseh Twp.
Union Twp. & Village of Union City
City of Utica & City of Sterling Heights
Vernon Twp. & City of Durand (5)
Vevay Twp. & City of Mason City (2)
West Branch Twp. & City of West Branch
West Traverse Twp. & City of Harbor Springs (2)
Wheatfield Twp. & Williamston Twp.
Wilson Twp. & City of Boyne City
York Twp. & City of Milan
Zeeland Twp. & City of Zeeland (2)

Source: Lynn Harvey and Alexander Quinones, "Summary of Conditional Land Transfer Agreements P.A. 425, 1984, Agreements filed 1985-1997, Department of Agricultural Economics, Michigan State University, 1997.

Appendix H

Listing of Business and Industrial Development Councils in the State of Michigan

As authorized by 1986 PA 89 (M.C.L. 487.1101 et seq., M.S.A. 23.1189(101)), Business and Industrial Development Corporations are state-chartered private lending institutions designed to help businesses that conventional lenders consider too risky but that do not exhibit the high-growth potential required by venture capitalists. BIDCOs offer an array of business financing options, including debt, equity, and combinations of the two. Michigan BIDCOs also can provide management assistance to help businesses grow. They may finance out-of-state firms only if the primary economic impact will be in Michigan. Michigan hosts the following BIDCOs:

Access BIDCO provides debt and equity financing for established service, manufacturing, distribution, and retail businesses in Michigan. Access uses combinations of subordinated debt and commercial bank loans to lower the cost of capital. The minimum financing level is $200,000. For packages exceeding $450,000, Access acts as the lead investor, while working with other financing sources to engineer a solution. To qualify, businesses should have most of the following characteristics: (1) be an established business, (2) have growth potential, (3) represent an unusual investment opportunity, (4) possess a strong management, (5) be flexible in allocating resources and (5) have product and marketing capabilities. (517) 374-2521

Arcadia BIDCO serves the financing needs of a broad base of established manufacturing and service companies. Arcadia's primary market is southwestern Michigan, although it will participate in investment groups throughout the State. Arcadia prefers to help low-to-medium technology companies with at least two years operating history and substantial growth opportunities. Start-ups will not be considered unless a business presents an outstanding opportunity and is headed by proven management. Financing ranges from $200,000 to $600,000 and includes equity, debt with equity features, and royalty participation. (616) 324-4880

Capital BIDCO serves a statewide market but emphasizes Muskegon, Grand Rapids, Lansing, Flint, and the Tri-Cities. Capital favors firms with high growth potential and acquisitions in the manufacturing and service sectors having annual sales between $1 million and $25 million. (517) 323-7772

Discover BIDCO focuses on marketing and sales expansion programs for service and manufacturing firms operating at a break-even or small profit margin. Its primary market is western Michigan. Financing ranges from $50,000 to $150,000. Candidates are companies with two or three years operating history, sales in the $400,000 to $2.5 million range and the potential for further profitable growth. Discovery also will finance up to 50 percent of the initial franchise and start-up fees for acquiring and operating proven franchises. (616) 235-4796

Greater Detroit BIDCO is the first minority-owned BIDCO. It provides financial and management assistance to businesses located within 100 miles of its Detroit office. Greater Detroit targets small firms that are good prospects for growth in employment, sales and profits; it considers an array of industries, such as healthcare, food service, the automobile sector, and business and consumer services. Minorities receive preference. Financing ranges from $50,000 to $400,000.

Great Lakes BIDCO, which operates statewide, finances profitable companies seeking to expand their markets by developing or enhancing products or exporting. Prime candidates are growth-oriented companies having sales of $1 million or more. Great Lakes offers financing beginning at $250,000. That financing may be structured as debt with a yield enhancement, such as royalties or the option to acquire stock. (313) 626-6070

The **Jackson BIDCO** finances small and medium-sized businesses in central Michigan. It targets firms developing new products or expanding to meet market demand for existing products and services. Applicants should have two or more years of operating history, as well as substantial potential for growth and profits. In most cases, Jackson BIDCO provides a combination of debt and equity-based financing in the range of $150,000 to $350,000. (517) 784-5556

Appendix H, continued

Listing of Business and Industrial Development Councils in the State of Michigan

Liberty BIDCO provides financing ranging from $50,000 to $600,000 in a combination of debt and equity to small and medium-sized businesses in Michigan. Viable candidates should be profitable or nearly profitable and have management experience, two or more years of operating history, and a predictable cash flow. (313) 352-9660

North Coast BIDCO makes relatively high-risk capital available to firms in Michigan's Upper Peninsula. North Coast offers working capital loans, gap financing, subordinated debt, equity, and seed capital loans ranging from $30,000 to $250,000. Equity may include combinations of royalties and warrants. North Coast looks for firms that have (1) accepted products or services, (2) demonstrated potential employment growth and profitability and (3) a complete business plan. (906) 228-6080

Northern Michigan BIDCO provides capital and business consulting services to firms in or planning to relocate to northern Michigan. All sectors are eligible. Northern Michigan structures investments as loans, equity investments, or profit participation. The minimum lending rate is 2% over the Wall Street Journal prime. Business plans are preferred but not required. (906) 635-9794

Onset BIDCO focuses on businesses providing products, capital equipment, or services to manufacturing companies. Onset primarily serves the area from Saginaw south to the Ohio border, and as far west as Lansing. Candidates for financing must be innovative, growing companies that are at least two years old, operate at a break-even profit and have sales in excess of $500,000. The range of financing is $250,000 to $1 million. (313) 662-7667 or (517) 374-2521.

(BIDCO descriptions courtesy of United States Department of Energy, Office of Industrial Technologies)

Number of Michigan BIDCOs Licensed, Companies Receiving Financing, and Estimated Jobs Created or Retained: 1989 through 1994

	1989	1990	1991	1992	1993	1994
Licensed BIDCOs	4	7	9	10	11	11
Companies Receiving Financing	6	9	20	43	33	28
Jobs Created or Retained	160	840	930	2,561	3,684	NA

Source: United States Department of Energy, Office of Industrial Technologies

According to the Detroit Regional Chamber, BIDCOs in Michigan have approximately $65 million under management, with finance packages ranging from $50,000 to $1,500,000, with an average "preferred" finance package of about $500,000.

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