

# SELECTED MICHIGAN ECONOMIC DEVELOPMENT PROGRAMS -- 1997

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## Selected Michigan Economic Development Programs -- 1997

### *Foreword*

State-sponsored economic development programs have grown significantly in number and character over the past decade. The increased specialization of economic development programs suggests that one-size-fits-all models, embodied by Downtown Development Authorities and Tax Increment Finance Authorities, are no longer sufficient to maintain the three broad objectives of economic development: namely, attraction, retention and expansion of business. Given the increased competition among states and cities for businesses, this is hardly surprising.

Economic development program specialties now include tax incentives for existing and prospective businesses, grants for land acquisition to accommodate such prospects, and tax incentives for environmental cleanup. Sufficient confusion exists about economic development programs and their titles (Empowerment Zones, Enterprise Zones, Enterprise Communities) to justify a compendium of state and federal efforts that promote economic development in Michigan. The Citizens Research Council of Michigan hereby presents such a compendium.

Were this report comprehensive, it would include all local, state and federal programs that have at least a minor impact on economic development. It would include housing and transportation, as well as education and job training programs.

Because these and many other policy fields (such as tax and commercial law) have significant impact on the pace and pattern of economic development objectives, such a compendium would quickly grow to an unmanageable size. The scope of this report is therefore limited to programs that explicitly promote economic development, as opposed to those in which economic development is a byproduct.

Explicit economic development programs are defined here as those having any of economic development's three broad objectives as the primary goal. The basis of inclusion was predicated on two criteria: namely, the program needs to have economic development as an *explicit* rather than *implicit* program goal, and the program has to meet sufficient size and funding levels to merit inclusion. Although sometimes difficult to ascertain, only programs with an annual statewide appropriation or annual statewide potential subsidy (or loan pool) in excess of \$500,000 were included.



## *Introduction*

The diversity and specialization of economic development programs makes categorization difficult. Most, however, contain at least one of the following elements:

- I. Direct Grants or Subsidies
- II. Financing Tools (Tax Increment Financing or Special Assessment Districts)
- III. Loans (Usually revolving funds at below-market rates)
- IV. Tax Credits or Abatements
- V. Technical Assistance Loans or Grants (for project planning-related costs)

This report categorizes major state and federal economic development programs by the above taxonomy. Note that most of the programs contain more than one of the above elements of economic development, although they are categorized in a fashion that suggests program element singularity. For instance, Downtown Development Authorities, treated here as a finance tool, also have the ability to set up special assessment districts and apply for public grants by virtue of their separate status as taxing

authorities. As a result, DDA's might also have been classified under the "Direct Grants or Subsidies" heading. Another example of a multifaceted economic development program is the Federal Empowerment Zone, characterized here as a Direct Grant or Subsidy, yet it offers significant federal tax credits for employers who hire Zone residents. This report does cross-list two programs: namely, the Renaissance Park Fund (which offers separate program terms depending on the Renaissance Zone status of the project), and Economic Development Infrastructure Grants. While technically a loan program, the Renaissance Park Fund is the largest Michigan Jobs Commission program dedicated to site preparation for development projects, and thus merits inclusion in the Loan and the Technical Assistance and Site Preparation categories. The Economic Development Infrastructure Grants program, as funded by the Michigan Renaissance Fund, offers both grant and loan characteristics, and is listed in each of these categories.

Most state-sponsored grant and loan programs are funded by the Michigan Renaissance Fund, administered by the Jobs Commission. Renaissance Fund programs are identified in the Table of Contents in italics. It is important to note that Renaissance Fund revenues are generated from three primary sources: namely, revolving loan payments on loans made out of the fund; federal Community Block Grant Funds; and Indian tribal casino gaming revenues.

Indian tribal casino gaming revenues are paid pursuant to a 1993 agreement with the state. The agreement mandates that eight percent of revenues (post-payout) from electronic gaming in casinos are payable to the state, in lieu of a gaming tax on casinos. It was further agreed that the revenues would be paid as long as the tribes in the compact with whom agreement was reached maintained a monopoly on casino gaming in the state. With the passage of Proposal E in 1996, authorizing the issuance of three casino licenses in the City of Detroit, the monopoly held by the state's Indian tribes was threatened. Legal challenges to the "exclusivity clause" of the tribal agreement have led to a federal court decision holding that exclusivity exists until the casino licenses are actually issued. Barring any additional legal or ballot box challenges to the Detroit casinos, it is anticipated that the licenses will be issued sometime in 1998 or 1999. It is unclear whether the Renaissance Fund will seek to replace this major funding loss.

As this report focuses almost exclusively on state sponsored programs, many major federal programs, such as Economic Development Administration Programs (United States Department of Commerce) and Rural Economic Development Grant and Loan Programs (United States Department of Agriculture), are not included here. A federal program that is included is the Empowerment Zone/Enterprise Community initiative, that, in addition to having considerable media attention, is often confused with other state sponsored programs. Its inclusion here allows it to be easily distinguished from other programs.

Last, it is important to note that local and county economic development programs are not included here. Numerous Michigan communities offer economic development programs and incentives, such as business loan programs and tailored tax abatements. Contact your local community's (or county's) Department of Economic Development for program details.

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### *Acknowledgments*

The Citizens Research Council of Michigan's Center for the Study of Economic Development Policy thanks John Czarnecki, Kathleen Blake, and Douglas Adams of the Michigan Jobs Commission for their comments, clarifications and suggestions. Any material misstatements of fact, however, remain ours.

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Program	Jurisdiction and Participating Communities	Program Type	How Awarded and Eligibility Characteristics	Program or Incentive Limit	Term of Program	Performance Guarantees and Conditions	Comments
<b>I. Direct Grants or Subsidies</b>							
<b>Empowerment Zone</b>	Federal; Omnibus Reconciliation Act of 1993; 48 contiguous census tracts in Detroit; six Empowerment Zones, two Supplemental Empowerment Zones nationally	<i>\$100,000,000 direct subsidy</i> to local unit of government; and tax credits (up to 20% of the first \$15,000 in wages and training costs) for zone employers who hire zone residents; tax-exempt facility bonds available to certain industries	Application to HUD; Zones (by census tract only) must have 20% poverty rates in all tracts, 25% poverty in 90% of tracts, 35% poverty in 50% of tracts; <i>Zone population not to exceed 200,000</i> or 10% of entire city; total land area less than 20 sq. miles	No specified limit on tax credits; estimated \$2.5 billion tax credit subsidy for all six zones over the term of the program	Ten years; August 1997 federal budget provisions made for additional EZs	Unspecified; although the Philadelphia / Camden Empowerment Zone was threatened, in 1997, with rescission of direct subsidy if local implementation was not improved	Most comprehensive federal economic development plan since Urban Development Action Grants of the 1970s and 80s
<b>Enterprise Communities</b>	Federal; Omnibus Reconciliation Act of 1993; Enterprise Communities in Michigan include cities of Flint, Muskegon (urban), and Lake County (rural); 95 Enterprise Communities, 4 Enhanced ECs nationally	<i>\$3,000,000 direct subsidy</i> to local unit of government; same tax credits and tax-exempt bond financing to businesses as federal Empowerment Zones	Application to HUD; ECs (by census tract only) must have 20% poverty rates in all tracts, 25% poverty in 90% of tracts, 35% poverty in 50% of tracts; <i>population of at least 50,000</i> or 10% of most populous city in area; land area less than 20 sq. miles	No specified limit on tax credits	Ten years; August 1997 federal budget provisions made for additional ECs	Unspecified	Essentially an Empowerment Zone program for smaller cities and rural areas; Michigan extended state Enterprise Zone status (upon application) to all Empowerment Zones and Enterprise Communities statewide in 1996; only Muskegon EC has applied

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Program	Jurisdiction and Participating Communities	Program Type	How Awarded and Eligibility Characteristics	Program or Incentive Limit	Term of Program	Performance Guarantees and Conditions	Comments
<b>Direct Grants or Subsidies, continued</b>							
<b>Economic Development Planning Grants (CDBG)</b>	State; PA 270 of 1984 (Michigan Strategic Fund Legislation); by application; funded with Federal Community Development Block Grant Funds (CDBG) through Renaissance Fund	Minor grant program to assist with project planning associated costs; proposals evaluated on the plan's potential to attract a project	Open by application to local units of government with less than 50,000 persons	Grants not to exceed \$50,000	Unspecified	Local communities must provide at least 10% match of project cost	Program designed to assist in reducing planning costs associated with development projects
<b>Economic Development Infrastructure (CDBG)</b>	State; PA 270 of 1984 (Michigan Strategic Fund Legislation); by application; <i>funded with Federal Community Development Block Grant Funds (CDBG) through Renaissance Fund</i>	<i>Competitive grant program to assist with public infrastructure improvements necessary to attract state-targeted businesses (see Comment section)</i>	Open by application to cities, townships and villages <i>with less than 50,000 persons, and non-urban counties</i>	Grants not to exceed \$750,000; at least 10% local community match; grant not to exceed 50% of total program funding	Unspecified	<i>Grant not to exceed \$30,000 per job created; 51% of jobs created must be offered to persons of low to moderate income</i>	State is explicitly targeting specific employment industries (value-added) and low to moderate income employees; distinguish from Economic Development Infrastructure Loans/Grants from the Michigan Renaissance Fund (p. 3)

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Program	Jurisdiction and Participating Communities	Program Type	How Awarded and Eligibility Characteristics	Program or Incentive Limit	Term of Program	Performance Guarantees and Conditions	Comments
<b>Direct Grants or Subsidies, continued</b>							
<b>Economic Development Infrastructure (Michigan Renaissance Fund)</b>	State; PA 270 of 1984 (Michigan Strategic Fund Legislation); program participants unspecified	<i>Competitive loan or grant program to provide public infrastructure improvements benefiting a specific business</i>	Open to all communities by application; <i>this program is used for approved projects when the Economic Development Infrastructure program funded by CDBG funds cannot be used</i>	Loan/Grant limit unspecified; 10% local community match; loan grant funding not to exceed 50% (preferably 20%) of project cost	Unspecified	<i>Loan or grant should not exceed \$10,000 per job created</i>	Companion to CDBG-funded Economic Development Infrastructure program described on p. 2; this program is designed to reach communities where CDBG funds are ineligible
<b>Economic Development Job Training Program</b>	State; PA 270 of 1984 (Michigan Strategic Fund Legislation); administered by the Michigan Jobs Commission	Competitive grant program to improve workforce skills in targeted industrial areas; program is intended to serve customized, targeted job skills training needs not met by local workforce development boards and school-to-work programs	Open to job training providers applying in partnership with businesses having manufacturing, R&D, warehousing, exporting, or world headquarters in Michigan, paying at least \$7.00/hr. to employees in these targeted industries	Unspecified; 1997 annual appropriation of \$31,000,000 from Michigan School Aid Fund	Unspecified	Grantee guarantees program's efficacy by agreeing to retrain at no cost if initial training is inadequate; grants made only to partnership applicants meeting numerous program criteria aimed at distressed or at-risk industries	Industry-targeted program aimed at those industries requiring skilled labor pools and/or high job training costs; funds may augment (but not supplant) local job training resources

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Program	Jurisdiction and Participating Communities	Program Type	How Awarded and Eligibility Characteristics	Program or Incentive Limit	Term of Program	Performance Guarantees and Conditions	Comments
<b>Direct Grants or Subsidies, continued</b>							
<b>Michigan Renaissance Fund (formerly Michigan Strategic Fund)</b>	State; PA 270 of 1984; program participants unspecified	General economic development assistance fund for non-commercial projects; includes numerous programs (see Renaissance Park Fund, ED Infrastructure Grants, Site Assembly and Clearance, Economic Development Planning Grants)	Open by application to Michigan municipalities; projects in Renaissance Zones receive priority consideration; community must file a Notice of Intent (NOI) with Jobs Commission for proposed projects, formal application required if NOI is accepted	See specific Renaissance Fund program (identified herein as CDBG or Renaissance Fund); Fiscal Year 1996-97 State CDBG appropriation: \$61,200,000	Numerous Michigan Jobs Commission programs are funded by the Renaissance Fund, with varying terms	Preference given to projects where cost per job doesn't exceed \$10,000, with a minimum of 10 jobs created; job wages must be at least 75% of county average wage or \$7.00/hour outside of Renaissance Zones	The Michigan Renaissance Fund is the master funding source of many programs described herein; funded by CDBG and Indian casino revenue
<b>Michigan Transportation Economic Development Fund - Category A Grant</b>	State; PA 231 of 1987; amended by PA 218 of 1989; contact Michigan Department of Transportation for specific grantees	Grant program for road projects related to development of <i>targeted industries, including tourism, forestry, high tech research, mining, manufacturing, and agricultural/food processing</i>	Competitive; by application to MDOT; <i>open to county road commissions, cities and villages</i>	FY 1996-97 appropriation: \$11,386,000	Unspecified	20% local matching funds required; preference given to proposals with matching amounts higher than required minimum	Category A grants are just one of five economic grant types in TEDF; Category A and C grants have an explicit economic development focus; Category D, E, and F grants are primarily road improvement projects, with a secondary economic development outcome

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Program	Jurisdiction and Participating Communities	Program Type	How Awarded and Eligibility Characteristics	Program or Incentive Limit	Term of Program	Performance Guarantees and Conditions	Comments
<b>Direct Grants or Subsidies, continued</b>							
<b>Michigan Transportation Economic Development Fund - Category C Grant</b>	State; PA 231 of 1987; amended by PA 218 of 1989; contact Michigan Department of Transportation for specific grantees	Grant program promoting economic development <i>through relief of urban traffic congestion</i>	Competitive; by application to MDOT; <i>open to county road commissions, cities and public transit agencies; projects must be in counties with population greater than 400,000</i>	FY 1996-97 appropriation: \$22,100,000	Unspecified	Unspecified	Category C grants are just one of five grant types from MDOT; Category A and C grants have an explicit economic development focus; Category D, E, and F grants are primarily road improvement projects, with a secondary economic development outcome
<b>II. Financing Tools</b>							
<b>Brownfield Authorities</b>	State; PA 381 of 1996	Allows for the establishment of a Tax Increment Finance (TIF) District (see Tax Increment Finance Authorities, p. 7) to finance remediation costs pursuant to approved plan; also allows for the establishment of local site remediation revolving loan fund	Open by application to all cities, villages and townships; subject to approval of the Michigan Department of Environmental Quality	Unspecified	Unspecified	None; Brownfield Authority need not be one contiguous parcel	With Brownfield Authorities, state now allows TIF districts for areas not typically included in DDAs or LDFAs (contaminated property with relatively low potential for tax capture)

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Program	Jurisdiction and Participating Communities	Program Type	How Awarded and Eligibility Characteristics	Program or Incentive Limit	Term of Program	Performance Guarantees and Conditions	Comments
<b>Financing Tools, continued</b>							
<b>Downtown Development Authorities (DDAs)</b>	State; PA 197 of 1975; as of 1997, 313 local governments had established DDAs	DDAs are eligible for several financing tools, including tax increment financing, revenue bonds; special property tax levies; special assessments; foundation grants, and others; see description of tax increment financing under TIFA program (p. 7)	Statewide; open to all cities, villages, and townships; DDAs may be established only for commercial district development	DDAs are limited to a local unit of government's "downtown district" defined only as "an area in a business district which is specifically designated" by the authority's governing body	Unspecified	None; independent (from local governmental unit) Board must administer the DDA, and is responsible for the DDA's dissolution if it so chooses	Earliest instance of tax increment financing as a development tool; enabled by federal legislation to encourage private development in partnership with public financing
<b>Industrial Development Revenue Bonds (Michigan Renaissance Fund)</b>	State; PA 62 of 1963; amended by PA 229 of 1978; program participants unspecified	Tax-free bond financing program open (by application) to established, profitable businesses; local governmental unit secures tax-free bond funding for organizations (profit and non-profit) under the color of economic development as a "public purpose"	Statewide; to manufacturing and not-for-profit projects, cogeneration and solid waste facilities; manufacturing projects limited to acquisition of land, buildings, and equipment directly related to manufacturing; inventory purchases ineligible	Bond size limited to: \$10,000,000 if company's total capital expenditures in the three years preceding and the three years after issuance does not exceed \$10,000,000; or, \$1,000,000 with no capital expenditure restrictions	Unspecified	None; bonds secured only by the company, no state or public dollars are at risk	Lower cost bonding option for corporations, who typically would use taxable corporate bonds for such facility upgrades; applicant governmental unit borrows money from private capital markets, secured by anticipated revenue streams from the project

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Program	Jurisdiction and Participating Communities	Program Type	How Awarded and Eligibility Characteristics	Program or Incentive Limit	Term of Program	Performance Guarantees and Conditions	Comments
<b>Financing Tools, continued</b>							
<b>Local Development Finance Authorities</b>	State; PA 281 of 1986, amended by PA 101 of 1991, PA 287 of 1992, and PA 333 of 1993; as of 1997, 71 local governments had established LDFAs	Municipal financing tool allowing the capture and bonding of annual SEV increments for the purpose of public improvements; debt and school taxes may not be captured	Statewide; open to all cities, villages, and urban townships (urban townships must have at least 10,000 persons); LDFAs may be established only for manufacturing, agricultural processing, co-generation plants, and groundwater cleanup facilities	Unspecified; LDFAs limited to manufacturing and eligible industrial processes	Unspecified	Unspecified	LDFAs are essentially industrially-targeted Tax Increment Finance Authorities; "high-tech" purposes (research, product development, engineering, lab testing or development of industrial technologies) were disallowed from new LDFAs after 1992
<b>Tax Increment Finance Authorities</b>	State; PA 450 of 1980; amended by PA 280 of 1986; as of 1997, 88 local governments had active TIFAs	Authorized TIF districts to establish a "base year" of the taxable value of the district, and may bond against the subsequent annual anticipated property tax revenues generated by SEV increases, or "increments"; financing must benefit TIFA only	Statewide; closed to new authorities as of 1987, formerly open to all cities; city had to show evidence of "significant" number of declining property values in order to establish a TIF district	Unspecified; local units of government were not limited to any particular land use or size of district when setting up TIFAs; existing TIFAs may not expand after 1986	Closed to new authorities after 1986	Unspecified	Took the Downtown Development Authority concept one step further by allowing TIF districts for purposes other than downtown commercial development; TIFAs replaced by more restrictive LDFAs

## Selected Michigan Economic Development Programs -- 1997

Program	Jurisdiction and Participating Communities	Program Type	How Awarded and Eligibility Characteristics	Program or Incentive Limit	Term of Program	Performance Guarantees and Conditions	Comments
<b>Financing Tools, continued</b>							
<b>Taxable Bond Program</b>	State; PA 270 of 1984 (Michigan Strategic Fund Legislation)	State-sponsored long-term taxable bond program for businesses; longer term amortization schedules serve as a financing option for profitable businesses wishing to expand but unable to service short-term debt	Statewide; open to projects with development aims consistent with Michigan Renaissance Fund projects (p. 4)	Financial limits unspecified; 10 to 20 year payment schedules available depending on size of bond(s)	Unspecified	Bond secured by company equity and future revenue; application fees: projects \$10M or less - \$500; more than \$10M - \$1K; bond issuance fees: \$10M or less - 1/8 of 1% (min. \$2K); greater than \$10M, \$12,500 plus 1/16 of 1% of amount over \$10M (min. \$40K)	Taxable bond program that provides longer term, fixed-rate payment horizons typically unavailable in conventional bond markets
<b>III. Loans</b>							
<b>Economic Development Infrastructure (Michigan Renaissance Fund)</b>	State; PA 270 of 1984 (Michigan Strategic Fund Legislation); program participants unspecified	<i>Competitive loan or grant program</i> to provide public infrastructure improvements benefiting a specific business	Open to all communities by application; <i>this program is used for approved projects when the Economic Development Infrastructure program funded by CDBG funds cannot be used</i>	Loan/Grant limit unspecified; 10% local community match; loan grant funding not to exceed 50% (preferably only 20%) of project cost	Unspecified	<i>Loan or grant not to exceed \$10,000 per job created</i>	Companion to CDBG-funded Economic Development Infrastructure program described on p. 2; this program is designed to reach communities where CDBG funds are ineligible

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Program	Jurisdiction and Participating Communities	Program Type	How Awarded and Eligibility Characteristics	Program or Incentive Limit	Term of Program	Performance Guarantees and Conditions	Comments
<b>Loans, continued</b>							
<b>Renaissance Park Fund (Renaissance Zone projects)</b>	State; PA 270 of 1984 (Michigan Strategic Fund Legislation); <i>open only to Renaissance Zone communities</i>	Loan program to finance infrastructure and development for Renaissance Zones; 15-yr. loan terms, first five years principal and interest free; \$20,000 per job created credit against loan principal and interest for first five years	<i>Open to all Renaissance Zone communities by application</i> ; community must file Notice of Intent (NOI) with Michigan Jobs Commission; if NOI selected, community must file full application for project approval	\$5,000,000 per zone community; <i>job credits allowable up to 90% of principal and interest due on loan</i>	Unspecified as to how long the program remains open; no principal or interest payments due for up to five years after loan disbursement	Principal and interest on loan minus tax credit amounts are due to the state at close of loan period	Michigan Renaissance Fund program (p. 4); also see Renaissance Park Fund program for non-zone projects (below); cross-listed under Technical Assistance and Site Preparation Loans or Grants (p. 14)
<b>Renaissance Park Fund (non-Renaissance Zone projects)</b>	State; PA 270 of 1984 (Michigan Strategic Fund Legislation); program participants unspecified; <i>open only to non-Renaissance Zone communities</i>	Loan program to finance infrastructure and development outside of Renaissance Zones; 15-year terms, first five years principal and interest free; \$10,000 per job created credit against loan principal and interest for first five years	<i>Selective by application</i> ; applicant community must file Notice of Intent (NOI) with Michigan Jobs Commission; if NOI selected, community must file full application for project approval	\$3,000,000 per project; <i>job credits allowable up to 50% of principal and interest due on loan</i>	Unspecified as to how long the program remains open; no principal or interest payments due for up to five years after loan disbursement	Principal and interest on loan minus tax credit amounts are due to the state at close of loan period; <i>retail projects ineligible</i>	Similar program (with different loan amounts and qualifiers) to Renaissance Park Fund for Renaissance Zones; provides development opportunity to non-Renaissance Zone communities; cross-listed under Technical Assistance Loans or Grants (p. 15)

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Program	Jurisdiction and Participating Communities	Program Type	How Awarded and Eligibility Characteristics	Program or Incentive Limit	Term of Program	Performance Guarantees and Conditions	Comments
<b>Loans, continued</b>							
<b>Site Assembly and Clearance (Michigan Renaissance Fund)</b>	State; PA 270 of 1984 (Michigan Strategic Fund Legislation); program participants unspecified	Loan program to assist communities in site acquisition and preparation for specific, non-speculative development projects	Statewide by application; open to all qualifying communities	Unspecified; program is generally for communities ineligible for Economic Development Infrastructure Grants (p. 2); environmental remediation uses ineligible	Unspecified	Community must commit at least 10% of the resulting project's cost; project expected to have a public to private funding ratio of at least 2:1, and Renaissance Fund resulting project grant should not exceed \$10,000 per job created	Companion program to Economic Development Infrastructure Grants (CDBG); generally available to communities who do not qualify under CDBG guidelines
<b>Urban Land Assembly Program</b>	State; PA 171 of 1981	Revolving loan program to assist municipalities in the land acquisition process for industrial and commercial development	Open to cities and nonprofit organizations on behalf of such cities with unemployment more than 70% of average annual state rate, or population growth less than 75% of state's, or change in SEV less than 50% of state average	Unspecified; however a project loan may not exceed 50% of the fund's assets in any given year	Unspecified	Must exceed 10 acres unless proposed project is of a "critical nature" and an industrial use; project must be in a Downtown Development Authority if commercial; loan proceeds proportional to sale price must be paid back upon sale	Absorbed the housing-focused Urban Land Banking program (PA 401 of 1978); Urban Land Assembly Program has no housing focus; state housing assistance now provided by the Michigan State Housing Development Authority

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<b>IV. Tax Credits or Abatements</b>							
<b>Brownfield Legislation</b>	State; PA 37, 70, 71 of 1995; PA 380 of 1996	Single Business Tax credits for cleanup of brownfields; removes most lender liability from sites that are environmentally contaminated or perceived to be such; introduces more flexible cleanup standards for such sites	Major amendments to Michigan's 1982 and 1994 environmental laws; also applicable to federal, non-priority Superfund sites	Credit against Single Business Tax of up to 10% of eligible investment costs; \$1,000,000 cap on credits	Unspecified	Unspecified	Brings a less stringent standard to state environmental liability; lenders not party to past environmental contamination not liable
<b>Enterprise Zones</b>	State; PA 224 of 1985; amended by PA 80 of 1990 and PA 311 of 1994; Enterprise Zones in Benton Harbor and Muskegon	Businesses exempt from state Single Business Tax, Sales Tax on tangible real and personal property purchases (not retail sales); and 50% relief of local property taxes; exemptions available only to businesses who relocate to the zone or existing businesses who expand zone operations at least 50%	Original legislation drawn with standards of distress and population limits befitting only Benton Harbor; opened to all federal Empowerment Zones and Enterprise Communities in 1994, only Muskegon Enterprise Community applied	None; lack of businesses using zone exemptions caused the state to ease incentive qualification standards in 1990	Cutoff date for new enrollees of December 31, 1996; tax abatements available for ten years or until 2004, whichever comes first	Unspecified; although it is important to note that state Enterprise Zones are administered by a state authority, as opposed to tax increment finance districts which are locally administered authorities	First targeted economic development program in state; not considered successful in terms of community development; mildly successful in terms of job and business creation

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<b>Tax Credits or Abatements, continued</b>							
<b>Industrial Property Tax Abatement</b>	State; PA 198 of 1974, amended by PA 334 of 1993; program participants unspecified	Local units of government may set up special taxing districts (with specific tax incentives) for rehabilitated or new industrial projects; approved districts receive Industrial Facilities Exemption Certificates from state	Open by application to all local units of government, subject to approval by the State Tax Commission and Michigan Jobs Commission	Rehabilitated facilities: assessed value "frozen" prior to restoration (effectively a 100% exemption on the value of improvement); New facilities: 1/2 of local property tax rate plus 6 mill state education tax	Exemption Certificates valid for up to 12 years, subject to annual review	Project applications must be filed not more than six months after start of construction; local unit of government may request revocation of certificate if project is not completed within 2 years	One of Michigan's earliest state-sponsored economic development programs; over 800 applications a year are reviewed
<b>Michigan Economic Growth Authority (MEGA)</b>	State; PA 24 of 1995	Tax credits (as allowed in PA 228 of 1975) against the Single Business Tax (SBT) for tax liability incurred by virtue of business expansion and increased Personal Income Tax revenues; tax credits available as long as expansion remains actual	Statewide by application; business must be engaged in manufacturing, R&D, wholesale and trade or office operations; business and proposed plans must be "financially and economically sound"	Tax credits not to exceed total SBT liability attributable to expansion; maximum of 25 project approvals annually	Application period closes December 1999; tax credits can be taken by approved projects for 20 years	In-state businesses must expand by 75 jobs, out-of-state by 150, at 150% of the federal minimum wage to be eligible for credit (25 jobs if in a federal EZ/EC or state NEZ ); jobs must be sustained for entire state tax year for credit eligibility	Benefiting businesses must certify, to MEGA Board, that the move/expansion would not have occurred absent the tax credit incentive

## Selected Michigan Economic Development Programs -- 1997

Program	Jurisdiction and Participating Communities	Program Type	How Awarded and Eligibility Characteristics	Program or Incentive Limit	Term of Program	Performance Guarantees and Conditions	Comments
<b>Tax Credits or Abatements, continued</b>							
<b>Neighborhood Enterprise Zones (NEZs)</b>	State; PA 147 of 1992	State-certified zone for the purpose of housing development; zone not to exceed 5% of residential area of local government; NEZ tax paid in lieu of general property tax for up to 12 years after housing rehab or new construction	Open to all local units of government meeting certain criteria of economic distress; in 1993, 29 cities qualified; only six had established NEZs	None; NEZ tax rate for homesteads: 1/2 of statewide average rate; non-homesteads: 1/2 statewide average of non-homestead rate	1992-2002; certificates valid for 12 years after issuance	Unspecified	Outgrowth of Benton Harbor's Enterprise Zone, aimed specifically at housing development in economically distressed areas
<b>Registered Apprenticeship Tax Credit</b>	State; open to all qualifying businesses	\$2,000 Single Business Tax Credit (annually) per registered apprentice; designed to encourage apprenticeships for high school students by offsetting training costs borne by employer	Open to all employers with manufacturing or vocational processes consistent with the U.S. Department of Labor's Registered Apprenticeship Program	Entire Single Business Tax Liability	Unspecified	Student/apprentice must be enrolled in a registered apprenticeship program (sanctioned by the U.S. Department of Labor) and employed by tax creditee	Designed to revive formal job training through apprenticeships; 400 high-school apprenticeships statewide in 1996

## Selected Michigan Economic Development Programs -- 1997

Program	Jurisdiction and Participating Communities	Program Type	How Awarded and Eligibility Characteristics	Program or Incentive Limit	Term of Program	Performance Guarantees and Conditions	Comments
<b>Tax Credits or Abatements, continued</b>							
<b>Renaissance Zones</b>	State; PA 376 of 1996; Detroit, Flint, Lansing, Saginaw, Grand Rapids, Benton Harbor (urban); Montcalm/ Gratiot, Gogebic/ Ontonagon/ Houghton, Manistee (rural); Oscoda Township, City of Warren (ex-military facilities)	Waiver of Michigan Single Business Tax, Michigan Personal Income Tax, Michigan State Education Tax, Local Personal Property Tax, Local Real Property Tax, Local Income Tax, and Utility Users Tax; exemptions apply to businesses and residents	Application to Jobs Commission; open to cities, townships, villages and counties meeting conditions of distress defined by the Michigan State Housing Development Authority; awards made to five urban zones, four rural, and two closed military facilities	Zones must be between 20 (10 in villages) and 5,000 acres; maximum of six subzones; \$10M maximum tax exemption per resident/business over life of zone; recipient must be current on all state and local taxes, and must be in building code compliance	Up to fifteen years depending on zone; tax waiver phase-out during final three years of term	Unspecified; local communities are not reimbursed with forgone local tax revenues by state; Michigan communities without RZs can rescind tax exemptions of businesses (with at least 25 jobs) that leave the community for a RZ	Waiver of virtually all state and local taxes unprecedented nationally; tax waivers for all land uses; "anti-pirating" measures accorded to local units of government without Renaissance Zones; also see Renaissance Park Fund program for Renaissance Zones
<b>V. Technical Assistance and Site Preparation Loans or Grants</b>							
<b>Renaissance Park Fund (Renaissance Zone projects)</b>	State; PA 270 of 1984 (Michigan Strategic Fund Legislation); <i>open only to Renaissance Zone communities</i>	Loan program to finance infrastructure and development for Renaissance Zones; 15 year terms, first five years principal and interest free; \$20,000 per job credit against loan principal and interest for first five years; commercial projects ineligible	<i>Open to all Renaissance Zone communities by application</i> ; community must file Notice of Intent (NOI) with Michigan Jobs Commission; if NOI selected, community must file full application for project approval	\$5,000,000 per zone community; <i>job credits allowable up to 90% of principal and interest due on loan</i>	Unspecified as to how long program remains open; no principal or interest payments due for up to five years after loan disbursement	Principal and interest on loan minus job tax credit amounts due to state at close of loan period	Michigan Renaissance Fund program (p. 4); also see Renaissance Zone Park Fund program for non-zone projects (below); cross-listed under Loans (p. 9)

## Selected Michigan Economic Development Programs -- 1997

Program	Jurisdiction and Participating Communities	Program Type	How Awarded and Eligibility Characteristics	Program or Incentive Limit	Term of Program	Performance Guarantees and Conditions	Comments
<b>Technical Assistance and Site Preparation Loans or Grants, continued</b>							
<b>Renaissance Park Fund (non-Renaissance Zone projects)</b>	State; PA 270 of 1984 (Michigan Strategic Fund Legislation); program participants unspecified; <i>open only to non-Renaissance Zone communities</i>	Loan program to finance infrastructure and development outside of Renaissance Zones; 15 year terms, first five years principal and interest free; <i>\$10,000 per job created</i> credit against loan principal and interest for first five years	<i>Selective by application</i> ; applicant community must file Notice of Intent (NOI) with Michigan Jobs Commission; if NOI selected, community must file full application for project approval	<i>\$3,000,000 per project; job credits allowable up to 50% of principal and interest due on loan</i>	Unspecified as to how long program remains open; no principal or interest payments due for up to five years after loan disbursement	Principal and interest on loan minus tax credit amounts are due to the state at close of loan period; <i>retail projects ineligible</i>	Similar program (with different loan amounts and qualifiers) to the Renaissance Park Fund for Renaissance Zones; designed to provide development opportunity to non-Renaissance Zone communities; cross-listed under Loans (p. 9)

Primary Source: Michigan Connections: A Resource Directory of Economic and Workforce Development Programs, Michigan Jobs Commission, 1997.

Note: This list of economic development programs is neither comprehensive in scope or description. It is presented here to provide the reader with introductory information on state-sponsored Economic Development programs that have the potential for the broadest user base. Except for Empowerment Zones, Enterprise Communities, and CDBG funding, most federally-sponsored programs are not listed here, although there are many. Contact the U.S. Departments of Agriculture, Commerce, and HUD for more information on various federally-sponsored programs. Michigan counties and local units of government also offer various programs to assist local development efforts. Contact your local municipal or county government for details.