

## COMMUNITY DEVELOPMENT BROWNFIELD PROGRAM OVERVIEW

The Brownfield Program (Program) uses tax increment financing (TIF) to reimburse Brownfield related costs incurred while redeveloping contaminated, functionally obsolete, blighted or historic properties. It is also responsible for managing the Single Business Tax and Michigan Business Tax Brownfield Credit legacy programs (SBT/MBT Brownfield Credits).

The Michigan Strategic Fund (MSF) with assistance from the Michigan Economic Development Corporation (MEDC), administers the reimbursement of costs using state school taxes (School Operating and State Education Tax) for non-environmental eligible activities that support redevelopment, revitalization and reuse of eligible property. The MEDC also manages amendments to SBT/MBT Brownfield Credit projects approved by MSF. The Michigan Department of Environmental Quality (MDEQ) administers the reimbursement of environmental response costs using state school taxes for environmental activities, and local units of government sometimes use only local taxes to reimburse for eligible activities (i.e. “local-only” plans). The state statutory authority for the Brownfield Redevelopment Financing Act program is Act 381 of 1996, as amended (Act 381).

Two categories of eligible activities under TIF are available across the state; demolition and lead and asbestos abatement. Two additional eligible activities are available in any Qualified Local Government Unit<sup>1</sup> (QLGU) or on property owned by a land bank; site preparation and infrastructure improvements. Land Banks may also be reimbursed for costs related to conveying and managing property that is in their possession. The non-environmental Program generally targets industrial site reuse, and urban development with mixed use components.

The Brownfield Redevelopment Authority (BRA) is the local jurisdiction entity that manages the development of Brownfield plans. After approval of a Brownfield plan by the local governing body, the BRA may request capture of state school taxes via a work plan submitted to the MEDC and/or MDEQ. There are 295 BRAs in Michigan, and approximately 467 Brownfield plans that are active or have been completed across the state (as reported to the MEDC September, 2015). These authorities vary in terms of their participation with MSF and/or MDEQ to request state school taxes for TIF reimbursement.

MEDC staff recommends policy documents, school tax capture work plans, school tax capture amendments and amendments to SBT/MBT Brownfield Credits to the MSF for consideration. The MEDC manages all work plans and SBT/MBT Brownfield Credits approved by the board, including assuring reporting obligations and compliance.

Eligible program uses under TIF include:

- Demolition
- Lead and asbestos abatement
- Site preparation
- Infrastructure improvements
- Assistance to Land Banks and Local Government Units

Eligible program uses under legacy SBT/MBT Brownfield Credits include:

- Demolition
- Lead and asbestos abatement
- Building renovation
- New construction
- Purchased or leased equipment

### TAX INCREMENT FINANCING PROCESS

The work plan submission and approval is a multiple step process. Work plans are received on an ongoing basis and eligible activities must be in accordance with the Act 381 Guidance issued by MEDC. Once a project is identified, the BRA or local government representative works with MEDC staff to perform the following steps:

#### I. Initial Evaluation

- a. Project scoping and submittal of a draft work plan and other supporting documentation provided to MEDC Community Assistance Team or Business Development Manager to determine initial support.
- b. MEDC Leadership consideration of initial support and if supported, Letter of Interest provided.

#### II. Work Plan Submission, Review and MSF Consideration

- a. BRA or local government representative submits a work plan or amended work plan, brownfield plan, approving resolutions, transmittal letter, and executed reimbursement agreement to MEDC after project is approved by local governing body.

<sup>1</sup>As defined in PA 146 of 2000, MCL 125.2781 to 125.2797

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- b. Due diligence performed to verify that BRA is compliant with Act 381 reporting requirements. MEDC staff reviews proposed eligible activities for compliance with MSF guidance, and makes a recommendation to the MSF Board or Delegated Representative.
- c. MSF Board or Delegated Representative determines support for the project.
- d. Local government unit administers TIF capture and is subject to reporting requirements.

### III. Reporting Requirements (TIF Work Plans Only)

- a. BRA submits information annually to MEDC via online portal for each project currently collecting Tax Increment Revenue
- b. MEDC and MDEQ compiles information and provides report to legislature.

## SBT/MBT BROWNFIELD CREDITS

### I. Amendments

- a. Amendment application is submitted and amendment request is vetted by Brownfield program staff and Brownfield program leadership.
- b. If amendment is supported, remaining amendment request forms and any other materials required for review is submitted to Brownfield program staff.
- c. MSF Board or Delegated Representative determines support for the project.

### II. Project Completion

- a. Qualified taxpayer sends certificate of completion request to MEDC Brownfield staff.
- b. Certificate of completion request is reviewed and sent to MEDC compliance for review.
- c. If certificate of completion request fulfills statutory requirements, certificate of completion is issued. Qualified taxpayer may then submit the certificate of completion to Department of Treasury for refund, or tax abatement

## CONTACT INFORMATION

For more information, contact the MEDC Customer Contact Center at 517.373.9808.