

# Incentives and Support for Redevelopment Sites

## **Brownfield Incentives**

Under the Brownfield Redevelopment Act PA 381 of 1996, as amended, the City of Tecumseh created a Brownfield Redevelopment Authority (BRA) to develop and implement Brownfield projects. A Brownfield Redevelopment Authority is a resource that may use Tax Increment Financing (TIF) as a tool for property redevelopment.

The City of Tecumseh Brownfield Redevelopment Authority reviews proposals for the redevelopment of eligible property and determines what financial incentives are necessary to assist the redevelopment. The authority prepares a plan that identifies the Brownfield projects. Each project section of the plan includes the description of the eligible property, the eligible activities, the TIF approach to be taken and other issues related to the subject parcels. The authority then recommends that the City Council holds a public hearing regarding the plan and subsequently acts to approve with modifications or deny the plan. The authority would recommend revisions to the plan as new projects are submitted or revisions are requested on existing plan projects.

## **Revolving Loan Program**

The Lenawee County Business Revolving Loan Fund program has the funding necessary to assist businesses to get started, grow and provide jobs in Lenawee County. Since 2009, the LCBRLF has made loans to businesses totaling over \$1,800,000, with loans ranging from \$70,000 to \$400,000. Loans are particularly tailored for businesses that, for whatever reason, have found it difficult to meet traditional lending institution requirements.

Loans are provided for:

- Equipment upgrades
- Facility expansion
- Commercial Real Estate
- Business Acquisition
- Inventory
- Start-up Capital
- Working Capital
- Loan Terms & Rates

The LCBRLF interest rates are higher than traditional bank rates, reflecting the level of risk associated with projects that do not meet traditional bank financing criteria. Terms and amortizations are tied to the planned use of the funds.

For additional information visit: <http://www.lenaweenow.org/business/lenawee-finance-incentives/>

## **Property Tax Abatements**

### Michigan Property Tax

Michigan's 2008 average non-homestead property tax rate was 48.39 mills, or \$48.39 per \$1,000 of assessed property, with real and personal property subject to taxation at 50% of current market value. Industrial personal property is automatically exempt from 24 mills of school tax, and commercial personal property is automatically exempt from 12 mills of school tax.

### Industrial & High-technology property tax exemption:

Public Act 198 of 1974 (P.A.198) provides property tax abatements to industrial processors, high-technology activity companies, research and development laboratories and large communication centers, which can reduce certain property taxes by up to 50%. A P.A. 198 abatement is negotiated at the local municipal level and is available for up to 12 years. Investment made within the negotiated time will be eligible for the abatement. Numerous P.A. 198 abatements have been granted throughout Lenawee County, Michigan, over the years to provide incentive and stimulus for industrial development and expansion.

### *New Warehousing, Distribution and Logistic Facilities in Border Counties:*

Public Act 138 provides up to a 50% reduction in property taxes for new warehouse, distribution, or logistic facilities that locate in a border county (Lenawee is a border county). To qualify for this incentive, at least 90% of the facility, excluding the surrounding green space, must be used for warehousing, distribution or logistic purposes and occupy a building or structure at least 100,000 square feet in size.

### *Obsolete Property Exemption*

Public Act 146 of 2000 provides for a tax incentive to encourage the redevelopment of obsolete buildings into commercial or commercial housing. The tax incentive is designed to assist in the redevelopment of older buildings, in which a facility is contaminated, blighted or functionally obsolete. The taxable value on a facility is frozen for up to 12 years. By freezing the taxable value, a business can significantly improve a building without increasing the property taxes on the building.

### *Commercial Rehabilitation Act:*

Public Act 210 of 2005 provides a property tax abatement for commercial real property that is 15 years or older. The primary purpose and use is the operation of a commercial business enterprise or multi-family residential use. The commercial rehabilitation tax freezes the taxable value of that building and only levies specific taxes on the new investments.

### *Property Tax Exemption for Special Tooling:*

Michigan exempts special tooling from all property taxes. "Special Tooling" includes tools, dies, jigs, fixtures and patterns, which are used to manufacture another product without substantial modification to the device. Businesses may claim the special tooling exemption on their personal property tax statement filed with the local property tax assessor each year.

Contact Jessica Sattler, Economic Development Director at 517.424.6003 or [jsattler@tecumseh.mi.us](mailto:jsattler@tecumseh.mi.us) for more information about these Property Tax Abatements.