## *Legislature Considers Expanded Brownfield Financial Incentives*

The Michigan legislature is currently considering a package of bills (HB-4400, HB-5443, HB-5444 SB-270, SB-1047 and SB-269) that would significantly expand Brownfield Financial Incentives in Michigan. If these bills are adopted, the brownfield program would be expanded to provide financial incentives for investments on not only contaminated brownfield sites, but those sites that are functionally obsolete or blighted according to standards and procedures set forth in the proposed legislation. As this article was being completed, the Michigan Senate was reportedly considering substitute bills that may further modify these principles. A follow up report will be provided in the next issue of the *Michigan Environmetnal Compliance Update.*

Under proposed SB-269, the single business tax (SBT) credit, which is currently capped at one million dollars, is proposed to be increased to as much as 30 million dollars. The SBT credits for one million and under would be available throughout the state on any contaminated brownfield site. However, SBT credits of over one million dollars would only be available in core urban communities (see side bar), but within those core communities, credits would also be available for investments on qualified functionally obsolete or blighted properties. In the bills that passed the House, only the SBT credits over one million dollars would be subject to approval by the Michigan Economic Growth Authority (MEGA). The Senate is considering an amendment that would require for all CBT credits to be subject to MEGA approval, and it is unclear if that amendment will be adopted.

The value of an SBT credit over one million dollars would not be automatically 10% of the investment, but rather would be based on consideration of a variety of factors set forth in the proposed legislation. For example, it is possible that a credit could be granted by MEGA for less than 10 percent of the investment. An additional provision has been added to the proposed legislation to make it clear that if someone were to apply for and be denied a SBT credit in excess of one million dollars, they may still be eligible to apply for and receive a credit of less than one million dollars.

The Brownfield Redevelopment Financing Act (SB-270) would be modified to expand the availability of tax increment financing to include not only environmental remediation activities, but also demolition, asbestos and lead paint removal, the administrative expenses of the Brownfield Redevelopment Authority, and to support infrastructure improvements that would directly benefit the subject property. These additional funding options are only available in core communities. To the extent school taxes would be captured for these improvements, MEGA is required to approve the related work plan, as a pre-qualification for capture of school taxes for these activities.

A process is also proposed in HB-5444/SB-1047 for designating obsolete property rehabilitation districts, in which a reduction in property taxes would then be possible. The designation of the obsolete property rehabilitation districts would be performed by the local unit of government, and a revised tax formula would then apply to those properties. A portion of the new investment would become the basis for an obsolete property tax that would be paid in lieu of local property taxes. The net result would be to provide local units of government with the option of offering additional tax relief to investors within these designated obsolete property rehabilitation districts.

Although discussion of these issues is not complete, the house sponsored bills limit the over one million dollar SBT credits to 15 per year, with only three per year permitted between 10 and 30 million dollars. An additional amendment is being considered, that, if adopted, would allow two of the credits in excess of one million dollars per year to be applied to communities outside of the core cities. This amendment has been proposed to provide site-specific opportunities for significant projects outside of the core cities that could benefit from these additional financial incentives.

There is significant bipartisan support for this legislation, and general support among agencies and interest groups for the enactment of these additional financial incentives.

Because these bills are moving rapidly through the legislative process, further details may not be prudent at this time given that further changes are likely. An update will be presented in the next issue of the *Michigan Environmental.Compliance Update.*

**Who Would Benefit**

Under legislation that passed the state House in mid-March, developers would receive tax credits for restoring blighted land or obsolete property that does not qualify as a brownfield in the following 83 urban areas:

Adrian
Albion
Alma
Alpena
Ann Arbor

Bangor
Battle Creek
Bay City
Benton Harbor
Benton Township
Big Rapids
Bronson
Buena Vista Township
Burton

Cadillac
Carson City
Caspian
Cheboygan
Coleman

Hamtramck
Harbor Beach
Harper Woods
Hazel Park
Highland Park
Holland

Inkster
Ionia
Iron River
Ironwood
Ishpeming

Jackson

Kalamazoo

Lansing
Lincoln Park
Ludington

Manistee

Redford Township
River Rouge
Royal Oak Township

Saginaw
St. Louis
Sault Ste. Marie
Southfield
Stambaugh
Sturgis

Traverse City

Vassar

Wakefield
Warren
Wayne
Wyandotte

Ypsilanti

Dearborn Heights
Detroit
Dowagiac

East Lansing
Eastpointe
Ecorse
Escanaba

Ferndale
Flint
Genesee Township
Gladstone
Grand Haven
Grand Rapids
Grayling

Manistique
Marquette
Melvindale
Midland
Monroe
Mt. Morris
Mt. Morris Township
Mt. Pleasant
Muskegon Heights

Oak Park
Onaway
Owosso
Pinconning
Pontiac
Port Huron

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