



SURVEY OF ECONOMIC DEVELOPMENT PROGRAMS IN MICHIGAN

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CITIZENS RESEARCH COUNCIL OF MICHIGAN

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**OTHER LOCAL GOVERNMENT ECONOMIC
DEVELOPMENT OPTIONS**

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CERTIFICATION OF ABANDONED PROPERTY FOR ACCELERATED FORECLOSURE

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 than 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* (April 1999).

Eligibility and Benefits

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

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 may compel more rapid payment of property taxes, under threat of an accelerated loss of the property.

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.

The 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 thereby 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 property to officially determine that it is abandoned. 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*. 1999 PA 134 was repealed effective 2004 by the Land Bank Fast Track Act. This Act is described on page 117.

CERTIFIED BUSINESS PARKS

Enabling Act, Statutory Citation

Authorization for Certified Business Parks is found in the Local Development Financing Act 1986 PA 281, M.C.L. 125.2151 et seq., as amended by 2000 P.A. 248.

Program Description

The Certified Business Park Program is administered by the Michigan Economic Developers Association (MEDA) and the Michigan Economic Development Corporation (MEDC) to promote uniformity and a set of minimum standards for industrial parks. Such standards ensure that the parks will suit the needs of businesses considering moving there.

Eligibility and Benefits

For Business Park Certification, the following land requirements must be in place:

- Property must be zoned for business or industrial use only.
- Land must be selectively graded and cleared.
- Developers/Owners must have a site plan or plat approved by the local governing unit.
- The site must have reliable utilities available for immediate tap-in.
- The site must have all weather road access to the park and interior sites.

Business Park Certification serves as a marketing tool. Prospective tenants have confidence that Certified Business Parks meet a minimum set of standards necessary to conduct business. In addition, Certified Business Parks may use tax increment financing (see page 80 for a description) to acquire land for the development of eligible property. If property in a Certified Business Park purchased with tax increment revenues is sold, the proceeds of the sale may be retained to further the development plan.

Terms and Performance Guarantees

The new certification fee is \$500. The recertification fee is \$250. Certified Business Parks are reviewed every three years to ensure that all requirements continue to be met.

Business Park Certification requires maintenance of the following features via protective covenants or zoning ordinance restrictions (courtesy of the MEDA, 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 must 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 may 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 may be situated, erected or maintained on the property or any lot. With the intent to have an aesthetically pleasing building, the buildings must 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 retains 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 must be seeded or sodded and shrubs and trees must be planted to maintain a park-like 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 curbs. Areas that are disturbed (such as through excavation, grading, etc.) must be restored to the above standards within 6 months. Landscaping must be installed within one year of the Certificate of Occupancy. All developments must meet state and local groundwater and watershed standards.
4. **Improved Parking** - At a minimum, all parking areas, driveways, truck turnaround areas and truck loading/unloading areas must be paved with concrete, asphalt or other hard surface material. Parking must be well maintained.
5. **Screened Outdoor Storage** - All activities of a business must be carried on within the confines of the building. In those instances when outside storage is a necessity, an opaque fence or wall (that is architecturally compatible to the building's finished materials), or landscaping must 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 must be designed to permit the pickup and delivery of materials without impeding the public right of way. Design of the truck wells of the loading area may 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 has the authority to enforce the covenants and restrictions on all tenants and future tenants of the park. Management must also maintain non-development and non-developable areas located within the park.
8. **Setback Specifications** - 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 are permitted. Signs must be permanent, may be of a freestanding nature, or attached to the building, but 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

Current Certified Business Parks in Michigan:

<u>County</u>	<u>Park Name - Original Certification, Next Certification - Phone Number</u>
Allegan	<i>Allegan Highlands Industrial Park</i> -1989, 2008 - (616) 673-5511
Bay	<i>Valley Center Technology Park</i> – 1986, 2007- (989) 684-5088
Branch	<i>Quincy Industrial Park</i> – 2003, 2006 – (517) 639-9065
Calhoun	<i>Albion Industrial Park</i> – 1968, 2008 - (517) 629-3926 <i>Brooks Industrial & Research Park</i> – 1979, 2007 - (616) 781-5183 <i>Fort Custer Industrial Park</i> – 1972, 2007 - (616)962-7526
Cass	<i>Dowagiac Industrial Park</i> – 1993, 2008 - (269) 782-2195
Charlevoix	<i>Boyne City Air Industrial Park</i> – 1986, 2006 - (231) 582-6597
Clare	<i>Farwell Enterprise Park</i> – 2002, 2008 – (989) 772-2859
Clinton	<i>St. Johns Industrial Park</i> – 1998, 2007 – (989) 224-8944 ext.22
Eaton	<i>Grand Ledge Willis Industrial Park</i> – 2006, 2009 – (517) 622-5256

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Gratiot	<i>Samuel A. Combs Industrial Park</i> – 1999, 2009 - (517) 543-8853
	<i>Alma Industrial Park</i> - 1976, 2009 - (989) 875-2083
	<i>Ithaca Industrial Park</i> – 1976, 2009 - (989) 875-2083
	<i>St. Louis Woodside Industrial Centre</i> – 2009 - (989) 875-2083
	<i>South Ithaca Industrial Park</i> – 1998, 2009 – (989) 875-2083
Hillsdale	<i>Litchfield Industrial Park</i> – 1989, 2008- (517) 542-2921
Ingham	<i>Leslie Business Park</i> – 2005, 2008 - (517) 589-8236
Jackson	<i>Williamston I-96 Industrial Park</i> – 1999, 2009 - (517) 655-2774
	<i>Blackman Twp. Certified Industrial Park</i> – 1998, 2008 -(517) 788-4455
Kalamazoo	<i>Village of Parma LDFA Certified Business Park</i> – 2000, 2007 – (517) 788-4455 ext. 213
	<i>Midlink Business Park</i> – 2005, 2008 – (269) 384-1100
Lapeer	<i>Almont Research & Industrial Park</i> – 2003, 2006 – (810) 798-3462
Livingston	<i>Trans West Industrial Park</i> – 1990, 2009 - (734) 453-2000
Mason	<i>Pere Marquette Industrial Park</i> – 1994, 2009 - (231) 845-1277
Midland	<i>Coleman Industrial Park</i> – 2005, 2008 – (989) 839-0340
	<i>Eastwick Industrial Park</i> – 1998, 2008 - (989) 839-0340
Monroe	<i>Bedford Industrial Park</i> – 1983, 2008 – (734) 847-6791
	<i>Frenchtown Charter Township Industrial Park</i> – 1994, 2007 - (734) 242-5904
	<i>Milan Industrial Park</i> – 2002, 2008 – (734) 439-1501
Montcalm	<i>Greenville Industrial Park</i> – 1982, 2006 - (616) 754-5645
Muskegon	<i>Port City Industrial Center</i> – 1970, 2007 - (231) 724-6702
	<i>Seaway Industrial Park</i> – 2005, 2008 – (231) 724-6702
	<i>Whitehall Industrial Park</i> – 1998, 2007 - (231) 894-4048
Newaygo	<i>White Cloud Industrial Park</i> – 2006, 2009 – (231) 689-1194
Oakland	<i>Beck North Corporate Park</i> – 2005, 2008 – (248) 380-7100
	<i>Centerpoint Business Campus</i> – 2004, 2007 – (248) 335-7755
	<i>Haggerty Corridor Corporate Park</i> – 2005, 2009 – (248) 848-6400
	<i>Metro North Technology Park</i> – 1989, 2008 - (734) 453-2000
	<i>Plumbrook Technology Park</i> – 2006, 2009 – (248) 528-2700
	<i>Wixom Business Center</i> – 2005, 2008 – (517) 244-2642
	<i>Hart Industrial Park</i> – 1994, 2008 - (231) 873-2488
Oceana	<i>City of Evert Air Industrial Park</i> – 2004, 2007 – (231) 734-6119
Osceola	<i>Jamestown Commerce Center</i> - 2002-2008 – (616) 878-1685
Ottawa	<i>Bridgeview Manufacturing Services Center</i> – 1994, 2007 - (989) 755-0931
Saginaw	<i>St. Clair County Air Industrial Park</i> – 1987, 2007 – (810) 364-6890
St. Clair	<i>Centreville Industrial Park</i> – 1995, 2009 - (269) 467-4855
St. Joseph	<i>Three Rivers Area Enterprise Park</i> – 1993, 2008 - (269) 278-8193
	<i>Lawrence-Crandall Business Centre</i> – 2008 - (269) 674-8161
Van Buren	<i>Dexter Business & Research Park</i> – 1989, 2008 – (734) 426-8303
Washtenaw	<i>Domino's Farms</i> – 2003, 2006 – (734) 930-3150
	<i>Donald E. Shelton Industrial Park</i> – 1987, 2006 - (734) 429-4907 ext. 201
	<i>Edward F. Redie Industrial Park</i> – 1983, 2009 – (734) 429-4907 ext. 201
	<i>Sauk Trail Business Park</i> – 1999, 2006 – (734) 429-4907 ext. 201
	<i>State Street Executive Park</i> – 2004, 2007 – (734) 663-4189
	<i>Washtenaw Business Park</i> – 1989, 2007 – (734) 354-6100
	<i>Metro Plymouth Business Park</i> – 2002, 2008 – (734) 453-2000
Wayne	<i>Metro West Beck Road Industrial Park</i> – 1990, 2008 - (734) 453-2000
	<i>Metro West Industrial Park</i> – 1982, 2007 - (734) 453-2000
	<i>Metro West Technology Park</i> – 1988, 2007 – (734) 354-6100
	<i>Michigan Avenue Industrial Park</i> – 2004, 2007 - (734) 354-6100
	<i>Plymouth Oaks Business Park</i> – 1990, 2007 - (734) 354-6100
Wexford	<i>James E. Potvin Industrial Park</i> – 2003, 2007 – (231) 775-0181

Source: MEDC

CONDITIONAL LAND TRANSFERS

Enabling Act, Major Amendments, Statutory Citation

1984 PA 425, 1990 PA 22; M.C.L. 124.21 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.”

Eligibility and Benefits

Open to any city, village or township in Michigan. The program allows 2 or more local units of government to 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 up to 50 years and may be renewed. 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.

The following are required terms and conditions for local units when executing PA 425 agreements:

Purpose and Consideration: Factors taken into consideration by a 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: The length of term of the agreement must be spelled out. The agreement 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.

Source: A presentation given by William B. Beach of Miller Canfield, Paddock and Stone to the Annexation program of the Michigan Municipal League in 1998.

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Changes since Program Inception

In 1990, PA 425 of 1984 was amended to include housing development in the definition of economic development projects. A provision was also added which calls for the clerk of the local unit receiving the transfer to file a duplicate original of the contract with the county clerk of the county in which the greater part of the local unit is located and with the Secretary of State as prima facie evidence of the conditional transfer.

Data and Source

See Greg Taylor, Lynn Harvey and William Shields, "Conditional Land Transfers Act: Research, Reflections, and Policy Recommendations." Michigan State University Agricultural Economics, December 2005 (web1.msue.msu.edu/slg/materials/PA_425_2005FINAL.pdf) for a list of PA 425 Agreements, current through July 1, 2005.

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.

The danger with PA 425 land transfers is that over time, each participating governmental unit will lose sight of the conditional aspects of the deal. PA 425 land transfers are an economic development tool, but business operations change over time, often in much less than the 50-100 years contemplated by the Act.

ECONOMIC DEVELOPMENT CORPORATIONS ACT

Enabling Act, 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 may be necessary in the land acquisition process to assist private sector interests with industrial economic development efforts. PA 338 allows local units of government to establish development corporations to assist private developers with commercial and 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 not typically extend to property not expressly held as such.

Eligibility and Benefits

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

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.

Changes since Program Inception

2002 PA 357 amended the Act to allow a city with a population greater than 750,000 (the Detroit EDC) to create a subsidiary "Neighborhood Development Corporation" to carry out housing or neighborhood improvement enterprises.

Discussion

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

The Urban Redevelopment Corporations Law enabled 1 or more individuals, corporations or partnerships to incorporate Redevelopment Corporations to clear, re-plan, rehabilitate, modernize, beautify, and reconstruct substandard and unsanitary areas in cities and townships (township development areas are limited to property used for state offices or facilities, hospitals, prisons, or institutions of higher education) to serve a public purpose. Property held by Redevelopment Corporations is exempt from increases in assessed valuation for up to 40 years, but improvements made to the property are not. A city may acquire property by condemnation on behalf of the Redevelopment Corporation.

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WAIVER OF PERSONAL PROPERTY TAX

Enabling Act, *Major Amendments*, Statutory Citation

1998 PA 328, 2000 P.A. 415; M.C.L. 211.9f

Program Description

Qualifying 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. Local units qualify by having various tax-abatement or financing districts and either by meeting standards of economic distress or by containing eligible businesses that maintain jobs and capital investment.

Eligibility and Benefits

Qualified local units of government—cities, villages and townships with “eligible distressed areas”—that eliminate personal property taxes offer a competitive advantage in business attraction, namely, a built-in tax abatement on new personal property. Only new personal property leased or owned by an “eligible business” located within an “eligible district” is exempt.

For the purposes of the Act, “*eligible distressed areas*” are one of the following:

- The term “eligible distressed area” as defined by the Michigan State Housing Development Authority Act (see *Appendix H* for a list and definition), or
- an area that contains an “*eligible business*” that “maintains 150 retained jobs at a facility, maintains 1,000 or more full-time jobs in this state, and makes new capital investment in this state” as described by the Michigan Economic Growth Authority Act, M.C.L. 207.808 subsection (5)(b)(ii).

An “*Eligible business*” is a business primarily engaged in manufacturing, mining, research and development, wholesale trade or office operations.

Qualified local units of government may enact PA 328 agreements only within one or more of the following “*eligible districts*.”

1. Industrial Facilities Property Tax Authorities
2. Renaissance Zones
3. Enterprise Zones
4. Brownfield Redevelopment Authorities
5. Federal Empowerment Zones, Enterprise Communities, and Empowerment Zones which become Renewal Communities
6. Tax Increment Finance Authorities
7. Local Development Finance Authorities
8. Downtown Development Authorities

Changes since Program Inception

Due to contradictions within the General Property Tax Act concerning the tax status of leased buildings, 2000 PA 415 amended the Act to clarify that buildings and improvements located on leased real property would be taxed as real property if their values were not already included in the assessment. The amendment further clarified that leased property will have the same classification as the parcel on which it is located.

Data and Source

Since program inception through 2005, 80 personal property tax waiver projects in 24 counties have been approved.

Source: State Tax Commission

Discussion

PA 328 provides distressed areas with an alternative to the Industrial Facilities Tax Abatement (discussed on page 51) for new personal property for manufacturing and research and development business concerns.

