

Michigan Brownfield Program Update

The Brownfield Tools in Michigan are some of the most powerful economic development tools available, leveraging investment, creating jobs and improving communities across the State. Since Michigan's Brownfield Redevelopment Financing Act (PA 381) was passed in 1996, many stakeholders—including regulators, legislators, attorneys, bankers, developers and consultants—have periodically convened to amend the act, continuously improving its ability to support the redevelopment of brownfield sites. The most recent changes to the Brownfield legislation became effective in June of 2017. Act 381 was amended to include the development of **Transformational Brownfield Plans** for larger-scale projects.

In July of 2017, the Transformational Brownfield Plan (TBP) became available for use on large-scale projects. The TBP allows developers to expand the number of sources of tax increment revenue that can be captured for a project. Notable highlights of this new plan include:

- The TBP must have a transformational impact on the local community, including economic development, community revitalization, population growth, commercial activity and job creation.
- The project must be mixed-use.
- The Michigan Strategic Fund (MSF) is the authorizing entity but still requires the approval of the local Brownfield Redevelopment Authority and the local unit of government.
- The MSF is limited to approving no more than five TBPs per calendar year with some exceptions and other limitations.
- Minimum capital investment levels are required based on the population of the community:
 - ≥ 600,000 pop. requires \$500,000,000 investment
 - 150,000–599,999 pop. requires \$100,000,000 investment
 - 100,000–149,999 pop. requires \$75,000,000 investment
 - 50,000–99,999 pop. requires \$50,000,000 investment
 - 25,000–49,999 pop. requires \$25,000,000 investment
 - < 25,000 pop. requires \$15,000,000 investment
- In addition to the incremental revenue from property taxes, the TBP allows up to a 20-year capture of:
 - Construction Period Income Tax
 - Construction Period Sales Tax Exemptions
 - Construction Period Use Tax Exemptions
 - Income Tax Capture
 - Withholding Tax Capture
- An economic and fiscal impact analysis and underwriting analysis will be conducted on all projects.

- MSF has 90 days to approve or reject a TBP, subject to support from the MEDC, LUG approval, third-party economic and underwriting analysis.
- The TBP is subject to various fees ranging from \$30,000 to \$130,000 depending on the amount of award.
- Eligible activities include all eligible activities currently allowed under Act 381 in addition to any demolition, construction, restoration, alteration, renovation or improvement of buildings or site improvements, as well as infrastructure improvements.
- Parties interested in this program are encouraged to contact the MEDC early on in the process to fully understand all of the program requirements.

The Brownfield Tools available in Michigan are very comprehensive and when used strategically can help brownfield sites be successfully redeveloped to the benefit of a community. The tools admittedly add a layer of complexity to a project, and Envirologic recommends that in order to effectively utilize these tools you begin the brownfield discussion early in the planning process.

Envirologic's team of Brownfield Experts has over 30 years of experience successfully applying these resources to projects across the state. If you have questions, please contact us by phone at 1-800-272-7802 or via email at information@envirologic.com.

