

# INCENTIVES, FINANCING & SERVICES

Development Incentives and Financing

## **BROWNFIELD REDEVELOPMENT (P.A. 381) PROGRAM:**

The creation of a Brownfield Redevelopment Authority (BRA) allows local decision-making in the various aspects of Brownfield redevelopment. A BRA is a resource that may use Tax Increment Financing for redevelopment purposes. (JCBRA) is staffed and served by The Enterprise Group of Jackson, Inc.

## **BUSINESS ACCELERATOR FUND:**

The Business Accelerator Fund (BAF) is a two year, \$3 Million fund that may be accessed by participating business accelerators statewide, which includes The Enterprise Group of Jackson, Inc., (EG) to provide specialized business acceleration services to companies commercializing advanced technology. The EG Business Accelerator Program is a business resource designed to expedite grant funding and other incentives. The purpose of this venture capital program is to drive forward the new economy of Michigan, providing a path to funding and partnerships for the commercialization of new regionally-developed opportunities. Companies must be based in Michigan. The Fund focuses on seed and early stage consultant engagements for life science and technology companies.

## **COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM (CDBG):**

The Community Development Block Grant (CDBG) program provides grants to eligible counties, cities, villages, and townships, usually with populations under 50,000, for economic development, community development, and housing projects.

## **DOWNTOWN DEVELOPMENT AUTHORITY (DDA):**

The Downtown Development Authority Act is a catalyst in the development of a community's downtown district and provides for a variety of funding options including tax increment financing mechanism, and the ability to levy a limited millage to address administrative expenses. The EG staffs the district in Jackson County. The City of Jackson, the Village of Grass Lake, and Leoni Township also administer DDAs.

## **FOREIGN TRADE ZONE NO. 275 AND NO. 43:**

Foreign Trade Zones (FTZ) are designated areas within the United States, in or near a U.S. Customs port-of-entry, where foreign and domestic merchandise is considered to be outside the country, or at least outside of U.S. Customs territory. Jackson County belongs to FTZ No. 275 and FTZ No. 43. A foreign trade zone is a valuable alternative for importers/exporters to clear U.S. Customs locally rather than larger, distant metro hubs. International businesses have the potential to defer, reduce, or eliminate duties, improving cash flow and operational efficiencies.

## **LOCAL DEVELOPMENT FINANCE AUTHORITY (LDFA):**

The Local Development Financing Act allows a city, village or urban township to utilize tax increment financing to fund public infrastructure improvements -- such as sewer and water lines, and roads -- to promote economic growth and job creation. The EG staffs two LDFA districts in Jackson County: and the . The City of Jackson and Grass Lake Township also administer LDFAs.



## **MICHIGAN BUSINESS DEVELOPMENT PROGRAM:**

The Michigan Business Development Program (BDP) is an incentive program available from the Michigan Strategic Fund (MSF), in cooperation with the Michigan Economic Development Corporation (MEDC). The program is designed to provide grants, loans or other economic assistance to businesses for highly competitive projects in Michigan that create jobs and/or provide investment.

## **MICHIGAN COLLATERAL SUPPORT PROGRAM:**

The Michigan Collateral Support Program supplies cash collateral accounts to lending institutions to enhance the collateral coverage of borrowers. To be eligible, the company must fall under the definition of a firm, which may be eligible for a Michigan Economic Growth Authority tax credit.

## **MICHIGAN COMMUNITY REVITALIZATION PROGRAM:**

The Michigan Community Revitalization Program (CRP) is a new incentive program available from the Michigan Strategic Fund (MSF), in cooperation with the Michigan Economic Development Corporation (MEDC), designed to promote community revitalization that will accelerate private investment in areas of historical declining values, contribute to Michigan's reinvention as a vital, job generating state, foster redevelopment of functionally obsolete or historic properties, reduce blight, and protect natural resources of this state. The program is designed to provide grants, loans, or other economic assistance for eligible investment projects in Michigan. Generally, no funds will be disbursed until the project is verified as complete.

## **MICHIGAN CORPORATE INCOME TAX:**

The Michigan Corporate Income Tax (CIT) replaces the Michigan Business Tax (MBT) for most taxpayers, effective January 1, 2012. Taxpayers with less than \$350,000 in allocated or apportioned gross receipts and/or less than or equal to \$100 in annual liability are not required to file or pay the CIT. The gross receipts threshold does not apply to financial institutions or insurance companies.

## **MICHIGAN LOAN PARTICIPATION PROGRAM:**

The Michigan Loan Participation Program participates with lenders to finance diversification projects when faced with eligible borrower companies whose projected cash flows are considered speculative by the lender.

## **MICHIGAN PERSONAL PROPERTY REFORM:**

In an ongoing effort to make the state a more attractive place for businesses to invest and grow, Michigan phased out its Personal Property Tax (PPT) for most businesses beginning in 2014. This reform will substantially reduce compliance and administrative costs for businesses and will be especially attractive to manufacturers who rely on expensive capital investments in tools and other equipment.

## **MICHIGAN SMALL BUSINESS DEVELOPMENT CENTER:**

The Michigan Small Business Development Center (MI-SBDC) enhances Michigan's economic well-being by providing counseling, training, research, and advocacy for new ventures, existing small businesses and innovative technology companies. With regional, satellite and affiliate offices state-wide, the MI-SBDC network positively impacts the economy by strengthening existing companies, creating new jobs, retaining existing jobs, and assisting companies in defining their path to success. A start-up entrepreneur who becomes a client of the MI-SBDC receives free, one-on-one business consulting from certified staff at the MI-SBDC Regional Office. This can range from a simple question like "How Do I Get a Tax ID Number?" to months of ongoing consulting through the start-up and growth stages. Another integral part of MI-SBDC services, for both new businesses and existing companies, is market research and assistance with preparing the narrative of a business plan. The SBDC Intake Consultant can be reached at 734-677-5192 or you can apply for business counseling on their website by clicking [VIEW MORE](#) here.

## **MICHIGAN SMARTZONES:**

SmartZones provide distinct geographical locations where technology-based firms, entrepreneurs and researchers locate in close proximity to all of the community assets that assist in their endeavors. SmartZone technology clusters promote resource collaborations between universities, industry, research organizations, government and other community institutions, growing technology-based businesses and jobs. The EG staffs the Jackson Technology Park SmartZone(SM), which is within the .



## **NEW MARKETS TAX CREDITS:**

The Michigan Magnet Fund, Inc. is a broad based statewide nonprofit 501(c)3 entity organized by a consortium made of the Michigan Economic Development Corporation, Great Lakes Capital Fund, and the Michigan State Housing Development Authority to compete for an allocation of new market tax credits from the CDFI Fund.

## **OBSOLETE PROPERTY REHABILITATION ACT (CITY OF JACKSON ONLY):**

The Obsolete Property Rehabilitation Act (OPRA), Public Act 146 of 2000 provides for a tax incentive to encourage the redevelopment of obsolete buildings.

## **P.A. 198 INDUSTRIAL PROPERTY TAX ABATEMENT:**

Industrial property tax abatements provide incentives for eligible businesses to make new investment in Michigan. These abatements encourage Michigan manufacturers to build new plants, expand existing plants, renovate ageing plants, or add new machinery and equipment. High-technology operations are also eligible for the abatement.

## **P.A. 328 PERSONAL PROPERTY TAX ABATEMENT (CITY OF JACKSON ONLY):**

Personal Property Tax Relief in Distressed Communities allows distressed communities, county seats and certain border county communities to abate personal property taxes on new investments made by eligible businesses.

## **PRIVATE ACTIVITY BONDS:**

Private Activity Bonds are a source of financial assistance to economic development projects in Michigan. They provide profitable firms with capital cost savings stemming from the difference between taxable and tax-exempt interest rates. These bonds can be issued by , which is staffed by The EG.



## **PURE MICHIGAN BUSINESS CONNECT:**

Pure Michigan Business Connect (PMBC) is a public-private initiative developed by the Michigan Economic Development Corporation (MEDC) that introduces Michigan companies to opportunities that help them grow and expand. By participating in the program, companies receive: business assistance at little to no cost; access to a new business-to-business (B2B) network; and find new customers while also leveraging procurement resources to increase their supply chain.

## **RENAISSANCE ZONES:**

Renaissance Zones are regions of Michigan designated as virtually tax free for any business or resident presently in or moving to a zone. The zones provide selected communities with a market-based incentive of no state or local taxes to encourage new jobs and investment. There are additional specialized Renaissance Zones available for designation. These types of zones are facility or industry specific. Specialized zones are potentially available for firms doing business in the agricultural processing, renewable energy, forest products processing and tool and die industries.

## **REVOLVING LOAN FUND PROGRAM:**

The Revolving Loan Fund Program is administered by , which is staffed by The EG. If you are working with a financial institution; hiring new employees; and investing in your business, you could be eligible.

## **SMALL BUSINESS ADMINISTRATION (SBA) PROGRAMS:**

An overview for several loan and loan guaranty programs made available through the U.S. Small Business Administration (SBA).

## **SMALL BUSINESS ADMINISTRATION (SBA) CERTIFIED DEVELOPMENT COMPANY 504 LOANS:**

The U.S. Small Business Administration's (SBA) 504 Loan Program provides small and medium-sized businesses with long-term fixed rate financing for the acquisition or

construction of fixed assets. Businesses must have a tangible net worth of less than \$7.5 million and an average net profit of less than \$2.5 million for the past two years.

## **SOUTH CENTRAL MICHIGAN WORKS!:**

A core focus of South Central Michigan Works! (SCMW!) is ensuring that the region has a local, talented workforce with the skills that businesses need to relocate and stay in south central Michigan. SCMW! has several key initiatives with our economic development partners in the community, including The Enterprise Group of Jackson and the Jackson Area Manufacturers Association.

## **STATE TRADE EXPORT PROMOTION PROGRAM:**

The Michigan State Trade Export Program (MI-STEP) provides direct reimbursements to qualified small and medium-sized export companies to develop or expand export-related activities. Interested applicants should click view more to review guidelines prior to completing the online application intake form.

## **TAX EXEMPTIONS FOR COMPANIES:**

Various sales and property tax exemptions in Michigan help reduce the tax liability for companies. Available tax exemptions are outlined in this fact sheet. Businesses should discuss these tax exemptions with their tax preparer, CPA, or tax attorney, as needed.

## **USDA BUSINESS AND INDUSTRY GUARANTEED LOANS:**

The purpose of the USDA Business & Industry (B&I) Guaranteed Loan Program is to improve, develop, or finance business, industry, and employment and improve the economic and environmental climate in rural communities. This purpose is achieved by bolstering the existing private credit structure through the guarantee of quality loans which will provide lasting community benefits. It is not intended that the guarantee authority will be used for marginal or substandard loans or for relief of lenders having such loans.

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