



# **DEVELOPMENT & FINANCE INCENTIVE TOOLS**

**Updated 4/26/22**

## DEVELOPMENT AND FINANCE INCENTIVE TOOLS

A general description of development and finance incentive tools used by the City of Escanaba is provided within this section. The intent is to provide essential information to a potential investor to assist in making an initial decision to proceed with an investment. The intent is not to describe how a district or program was initiated nor to identify the operations of a board or authority. Each economic incentive listed below provides a general description, investor incentive, eligible activities or projects, the application process (if required) and contact information.

## LIST OF INVESTMENT INCENTIVES

### Finance Authorities

- Brownfield Redevelopment Authority
- Downtown Development Authority

### Local and State Tax Exemptions and Abatements

- Plant Rehabilitation and Industrial Development Exemption
- Commercial Redevelopment District
- Commercial Rehabilitation District
- Obsolete Property Rehabilitation Act

### State and Regional Partners

- Michigan Economic Development Corporation (MEDC)
- Northern Initiatives – Revolving Loan Funds
- Delta County Economic Development Alliance
- Invest UP

The municipality uses the following state legislated financial and/or tax assistance programs to encourage new development and rehabilitation. The City Council and reviewing authorities support requests based on careful consideration anticipated public benefit. The program summaries are intended to provide key general information for an investor decision to proceed with an investment. Contact person information and links to local plans and State Public Acts will inform an investor with complete information.

# BROWNFIELD REDEVELOPMENT AUTHORITY

PA 381 OF 1996

A BRA provides a municipality with the opportunity to create a local Brownfield financing resource to enhance local economic development capacities, market difficult sites based on the private investment incentives, and enhance tax base. It encourages redevelopment of contaminated, functionally obsolete, and blighted property by providing financial and tax incentives for demolition, cleanup, and due diligence activities.

The Brownfield Redevelopment Authority reviews and recommends approval of an application and reimbursement requests. The City Council provides final local approval. The State Tax Commission and other state agency approvals may be necessary.

## INVESTOR INCENTIVE

Tax increment finance funds will reimburse a developer for the eligible costs pursuant to a Brownfield Redevelopment Plan and as approved by the Authority and City Council. The length of tax increment capture will not exceed the number of years required to pay the costs of eligible activities as allowed under the Brownfield Redevelopment Financing Act.

## ELIGIBLE ACTIVITIES

- Remediation of environmental contamination
- Structure demolition
- Lead or asbestos abatement
- Infrastructure improvements including but not limited to utilities and parking
- Site preparation that is not a response activity
- Relocate public buildings or operations for economic development purposes

## APPLICATION PROCESS

- Step 1.** The developer of a proposed brownfield project should contact the City Assessor to introduce the proposed project and request financing assistance. The developer works with an Environmental/Engineering consultant to draft the Brownfield Redevelopment Plan, also known as the Act 381 Work Plan, and to complete the other steps required by state agencies.
- Step 2.** Required site plan and special use approvals are received from local authority.
- Step 3.** The Brownfield Redevelopment Authority reviews and recommends approval of the development plan and reimbursement agreement to the City Council. A public hearing is conducted according to the provisions of PA 381 of 1996.
- Step 4.** The City Council will consider the request from the Authority. A public hearing may be conducted in accordance with PA 381 of 1996 provisions. A resolution for approval is issued for the development plan and reimbursement agreement.
- Step 5.** The Brownfield Redevelopment Authority enters into a Brownfield Reimbursement Agreement that specifies the terms and conditions associated with the reimbursement of costs associated with the eligible activities.
- Step 6.** The approved agreement is forwarded to the State of Michigan Tax Commission for approval.

**Notes:** If captured school taxes were used to reimburse the cost of certain environmental response activities or any non-environmental activities, approval of a PA 381 work plan by the MDEQ and/or Michigan Strategic Fund is necessary. The applicant will submit the work plan to the appropriate State agency together with the approved Brownfield Redevelopment Plan, a copy of the City of Escanaba resolution approving the plan, and a transmittal letter from the BRA.

#### CONTACT

Assessor's Office: [assessor@escanaba.org](mailto:assessor@escanaba.org) or (906) 786-9402

#### WEBSITE LINKS

- [WORK PLAN TO CONDUCT \(escanaba.org\)](#)

## DOWNTOWN DEVELOPMENT AUTHORITY

PA 197 OF 1975

The City Council finds it necessary for the best interests of the public to halt property value deterioration, increase property tax valuation, eliminate causes of deterioration, and promote economic growth in the downtown area. A Downtown Development Authority (DDA) was created to administer improvement programs and use a range of funding options including tax increment financing to fund public improvements and the ability to levy a limited millage to address administrative expenses.

The DDA has a plan separated into a development plan section identifying projects, costs, location, and resources for implementing public improvements and a tax increment financing plan detailing the tax increment collection and the amount of bonded indebtedness to fund programs.

The Downtown Development Authority reviews and recommends an annual budget to the City Council for final approval. Activities provided for in the approved budget can be funded by the DDA.

### INVESTOR INCENTIVE

A private investor may receive public infrastructure improvements supporting a development. Tax Increment Financing (“TIF”) provides a significant source of financing these improvements. The DDA may use a grant program to improve facades, signs, or landscaping when the budget permits. DDA district-wide programs may assist with marketing, event planning maintenance support individual businesses.

### ELIGIBLE ACTIVITIES

- Plan and propose the construction or improvement of a public facility, an existing building, or a multiple-family dwelling unit which may be necessary or appropriate to aid in the economic growth of the downtown district.
- Plan, propose, and implement an improvement to a public facility within the development area to comply with the barrier free design requirements of the state construction code.
- Improve land and construct, reconstruct, rehabilitate, restore, preserve, equip, improve, maintain, repair, and operate any building.
- Acquire and construct public facilities.
- Create, operate, and fund marketing initiatives.
- Contract for broadband service and wireless technology service.
- Create, operate, and fund retail business incubators.

### APPLICATION PROCESS

The developer of a proposed DDA project should contact the DDA director to introduce the proposed project, request public improvement or financial assistance, and to receive information on the review process. The DDA will determine whether public interest is advanced by halting property value deterioration, increasing property tax valuation, and promoting economic growth. An amendment to the Development and Finance Plan may be necessary prior to approval to accommodate a project. For plan amendment, the process set forth in the legislative act will be followed. The process includes City Council approval and public hearing(s).

CONTACT Director of DDA, 906-789-8696, [contact@escanabadda.org](mailto:contact@escanabadda.org)

### WEBSITE LINKS

- [Escanaba DDA](#)

# PLANT REHABILITATION AND INDUSTRIAL DEVELOPMENT EXEMPTION

PA 198 OF 1974

The City of Escanaba provides tax abatements to eligible manufacturers to enable renovation and expansion of aging facilities, assist in the building of new facilities, and to promote the establishment of high-tech facilities. Industrial property tax abatements provide incentives for eligible businesses to make new investments in Michigan. Industrial property is defined as land improvements, buildings, structures, and other real property and machinery, equipment, furniture, and fixtures or any part or accessory whether completed or in the process of construction comprising an integrated whole.

An Industrial Facilities Tax Exemption (IFE) can be granted in an Industrial Development District (IDD) and a Plant Rehabilitation District (PRD). The IDD is applied in areas for new construction. A PRD is applied in areas for rehabilitation of obsolete facilities. The City Council will consider the merits of each individual project and the overall benefits that result from granting the exemption.

## INVESTOR INCENTIVE

An Industrial Facilities Tax Exemption certificate entitles the facility to exemption from ad valorem real and/or personal property taxes for a term of up to 12 years as determined by the City Council. The City of Escanaba will determine the number of years granted for an exemption request. After the Industrial Facilities Tax Exemption Certificate (198 abatement) is granted, the City of Escanaba is required to enter a contract memorializing the terms of the abatement.

### **Notes:**

1. Any buildings and equipment that existed prior to construction of a new facility are not exempt.
2. If the project is for rehabilitation, the value of any pre-existing obsolete property is exempt from ad valorem property taxes but will be used as the base for the IFT.
3. Similarly, any structures or equipment added after completion of the project are fully taxable.
4. Land is specifically excluded from the benefits of the act and is fully taxable.

## ELIGIBLE PROJECTS

- Industrial plants that primarily manufacture or process goods or materials by physical or chemical change.
- Related facilities of Michigan manufacturers such as offices, engineering, research and development, warehousing, or parts distribution.
- Research and development laboratories, high-tech facilities and large communications centers can qualify throughout Michigan.
- The facility must be located within an established Industrial Development or Plant Rehabilitation District.
- The applicant is a qualifying business as outlined in MCL 207.552.
- The application must be filed within six months of the commencement of the improvements.
- Facilities used for warehousing, distribution or logistics purposes can be eligible if they locate in specific border counties.

## APPLICATION PROCESS

A Plant Rehabilitation or Industrial Development District must be created prior to initiating a project.

- Step 1.** The application is filed with the municipal clerk.
- Step 2.** The City Council reviews and approves the application within 60 days of the clerk's date of receiving the completed application. A public hearing is conducted as part of the review process.
- Step 3.** The application, resolution of approval, and executed contract are forwarded to the State Tax Commission for final approval and issuance of certificates. The exemptions are not effective until approved by the State Tax Commission.

**Notes:** The following criteria are used to evaluate the merits of an application:

1. That the exemption does not have the effect of substantially impeding the operation of the City of Escanaba,
2. The exemption does not have the effect of impairing the financial soundness of a taxing unit which levies ad valorem property taxes in the City of Escanaba.
3. The applicant is not delinquent on any taxes related to the facility, including taxes owed on existing property.
4. The exemption of property will have the effect of increased employment in the City of Escanaba and
5. The aggregate State Equalized Value (SEV) of real and personal property exempt from ad valorem taxes within the City of Escanaba, after granting this certificate, will not exceed 5% of the SEV.

## CONTACT

Assessor's Office: [assessor@escanaba.org](mailto:assessor@escanaba.org) or (906) 786-9402

## COMMERCIAL REDEVELOPMENT DISTRICT

PA 255 OF 1978 / 227 OF 2008

The City Council encourages replacement, restoration, and new construction of commercial property by abating the property taxes generated from new investment for a period up to 12 years. As defined, commercial property means land improvements whether completed or in the process of construction, the primary purpose and use of which is the operation of a commercial business enterprise, including office, engineering, research and development, warehousing parts distribution, retail sales, hotel or motel development, and other commercial facilities. Land and personal property are not eligible for abatement under this act.

### INVESTOR INCENTIVE

A private investor may receive property tax abatement for up to 12 years on investment. The property owner pays a Commercial Facilities Tax rather than the normal property tax. A certificate will be issued for a period between one year and 12 years.

For a restored facility: The taxable value of the building freezes its value prior to restoration. The school operating tax and the State Education Tax (SET) are also frozen.

For a new or replacement facility: A 50 percent reduction in the number of mills levied as ad valorem taxes, excluding the State Education Tax (SET), is provided. Within 60 days after the granting of a new Commercial Facilities Exemption Certificate, the State Treasurer may exempt 50 percent of the SET mills for a period not to exceed six years. The State Treasurer will not grant more than 25 of these SET exclusions each year.

### ELIGIBLE PROJECTS

- Commercial property including research and development, office, and warehousing parts distribution.
- Mixed use, including high-density residential buildings.
- Obsolete commercial property or cleared or vacant land which is part of an existing, developed commercial or industrial zone which has been zoned commercial or industrial for 3 years before June 21, 1978, and the area is or was characterized by obsolete commercial property and a decline in commercial activity.
- Land which has been cleared or is to be cleared as a result of major fire damage or cleared or to be cleared as a blighted area under Act No. 344 of the Public Acts of 1945.
- Property which was owned by a local governmental unit on June 21, 1978, and subsequently conveyed to a private owner and zoned commercial.
- Building must be completed or in the process of construction.
- Does not include a casino and associated parking lot, hotel, motel, or retail store owned or operated by a casino, an affiliate, or an affiliated company.
- Land and personal property are not eligible for abatement under this act.

#### **Note 1:**

“Replacement facility” means commercial property to be acquired, constructed, altered, or installed for the purpose of being substituted for obsolete commercial property. Property impaired due to changes in design, construction, technology, or improved production processes, or damage due to fire, natural disaster, or general neglect shall be considered obsolete. All other new commercial property is considered a “new facility.”

**Note 2:**

A “restored facility” means changes to obsolete commercial property as may be required to restore the property to an economically efficient condition. Restoration must result in improvements aggregating to more than 10 percent of the true cash value of the property at commencement of the restoration. Restoration includes major renovation including, but not limited to, the improvement of floor loads, correction of deficient or excessive height, new or improved fixed building equipment, including heating, ventilation, and lighting, reducing multistory facilities to one or two stories, improved structural support including foundations, improved roof structure and cover, floor replacement, improved wall placement, improved exterior and interior appearance of buildings, and other physical changes.

APPLICATION PROCESS

Before the Commercial Redevelopment Exemption Certificate (i.e., property tax abatement) can be granted for the Facility,

1. The City Council establishes a Commercial Redevelopment District by resolution. A public hearing is conducted prior to approving the resolution for approval.
2. A property owner files an application with the local clerk for a Commercial Facilities Exemption Certificate.  
**Note: Applications are available from the Michigan Department of Treasury.**
3. The City Council conducts a public hearing on the application. The application must be approved or disapproved not more than 60 days after its date of receipt.
4. An approved application is sent to the State Tax Commission for filing purposes.

CONTACT

Assessor’s Office: [assessor@escanaba.org](mailto:assessor@escanaba.org) or (906) 786-9402

# COMMERCIAL REHABILITATION DISTRICT

PA 210 OF 2005

The Commercial Rehabilitation District encourages rehabilitation of commercial property by abating the property taxes generated from new investment for a period up to 10 years.

## INVESTOR INCENTIVE

A private investor may receive property tax abatement for up to 10 years on investment. The property owner pays a Commercial Facilities Tax rather than the normal property tax. A certificate will be issued for a period between one year and 10 years.

The Commercial Rehabilitation Tax freezes the taxable value of the building and exempts the new investment from local taxes. The school operating tax and the State Education Tax (SET) are still levied on the new investment. Land and personal property cannot be abated under this act. The criteria for extensions must be included in the resolution approving the abatement.

## ELIGIBILITY

- Construction cannot have started six months prior to filing an application.
- Multiple-family housing or commercial buildings 15 years or older and at least three acres in area.
- Vacant property or other commercial property that was commercial property within the immediately preceding 15 years.
- Office, engineering, research and development, warehousing, parts distribution, retail sales, and other commercial activities.
- Commercial properties allocated new market tax credits are also considered a qualified facility.
- Qualified retail food establishments including a retail supermarket, grocery store, produce market, or delicatessen that offer unprocessed USDA-inspected meat and poultry products or meat products that carry the USDA organic seal, fresh fruits and vegetables, and dairy products for sale to the public.
- Commercial property does not include property that is to be used as a professional sports stadium or a casino.
- Land and personal property are not eligible for abatement under this act.

### **Note 1:**

Rehabilitation is defined as changes that are required to restore or modify the property, together with all appurtenances, to an economically efficient condition. The new investment in the rehabbed property must result in improvements aggregating more than 10 percent of the true cash value of the property at commencement of the rehabilitation of the qualified facility. Rehabilitation includes the following:

- Improvement of floor loads, correction of deficient or excessive height, new or improved fixed building
- Equipment including heating, ventilation, and lighting,
- Reducing multi-story facilities to one or two stories, improved structural support including foundations,
- Improved roof structure and cover, floor replacement, improved wall placement, improved exterior.
- Interior appearance of buildings, and other physical changes required to restore or change the property to an economically efficient condition. Rehabilitation also includes new construction on vacant property from which a previous structure has been demolished and if the new construction is an economic benefit to the local community as determined by the qualified local governmental unit. Rehabilitation of a qualified retail food establishment also includes new construction.

**Note 2:**

Commercial property is a qualified facility that includes a building or group of contiguous buildings of commercial property that is 15 years or older, of which the primary purpose is the operation of a commercial business enterprise or multifamily residential use. Multifamily residential is housing that consists of five or more units.

**APPLICATION PROCESS**

1. The City Council establishes a Commercial Rehabilitation District by resolution. A public hearing is conducted prior to approving the resolution for approval.
2. The resolution is provided to the county where the district is established. Within 28 days, the county may accept or reject the establishment of the district.
3. A property owner files an application with the local clerk for a Commercial Rehabilitation Exemption Certificate. Note: Applications are available from the Michigan Department of Treasury.
4. The City Council conducts a public hearing on the application. The application must be approved or disapproved not more than 60 days after its date of receipt.
5. An approved application is sent to the State Tax Commission for approval. A resolution is not effective unless approved by the State Tax Commission.
6. Upon approval by the State Tax Commission, a Commercial Rehabilitation Certificate is issued.

**Note:**

The application shall contain or be accompanied by a general description of the qualified facility, a general description of the proposed use of the qualified facility, the general nature and extent of the rehabilitation to be undertaken, a descriptive list of the fixed building equipment that will be a part of the qualified facility, a time schedule for undertaking and completing the rehabilitation of the qualified facility, a statement of the economic advantages expected from the exemption, including the number of jobs to be retained or created as a result of rehabilitating the qualified facility, including expected construction employment.

**CONTACT**

Assessor's Office: [assessor@escanaba.org](mailto:assessor@escanaba.org) or (906) 786-9402

# OBSOLETE PROPERTY REHABILITATION ACT

PA 146 OF 2000

In promotion of public interest, the City of Escanaba has enacted the Obsolete Property Rehabilitation Act (OPRA) which provides tax incentives to encourage the redevelopment of obsolete and older buildings into vibrant commercial and mixed-use projects. The tax incentive is designed to assist in the redevelopment of older buildings in which a facility is contaminated, blighted, or functionally obsolete. In many cases, this could be an abandoned, multi-story industrial building that is now more suited for commercial or residential rental units.

## INVESTOR INCENTIVE

The advantage to the developer is savings on property taxes. The tax incentives freeze local property taxes for up to 12 years. In addition, the State Treasurer has the ability to exempt one-half of the school millage for up to six years on 25 projects per year.

## ELIGIBLE PROJECTS

- Commercial Building
- Mixed-Use Residential Building

### **Note:**

Commercial Housing Property is defined as the portion of real property not occupied by an owner of that real property that is classified as residential real property under section 34c of the general property tax act, 1893 PA 206, MCL 211.34c, is a multiple-unit dwelling, or is a dwelling unit in a multiple-purpose structure used for residential purposes. Commercial housing property also includes a building or group of contiguous buildings previously used for industrial purposes that will be converted to a multiple-unit dwelling or dwelling unit in a multiple-purpose structure, used for residential purposes.

Commercial Property is defined as land improvements classified for general ad valorem tax purposes as real property including buildings and improvements assessable as real property pursuant to sections 8(d) and 14(6) of the general property tax act, 1893 PA 206, MCL 211.8 and 211.14, the primary purpose and use of which is the operation of a commercial business enterprise. Commercial property shall also include facilities related to a commercial business enterprise under the same ownership at that location, including, but not limited to, office, engineering, research and development, warehousing, parts distribution, retail sales, and other commercial activities. Commercial property also includes a building or group of contiguous buildings previously used for industrial purposes that will be converted to the operation of a commercial business enterprise or a multiple-unit dwelling or a dwelling unit in a multiple-purpose structure, used for residential purposes. Commercial property does not include land or public utility property.

## APPLICATION PROCESS

1. An owner of an obsolete property within the district files an application for an OPRA certificate with the clerk of the local government that includes the details of the project.
2. The clerk notifies the assessor and each taxing unit that levies property taxes.
3. The City Council holds a public hearing prior to acting on the resolution regarding the certificate.
4. Within 60 days of receipt of application, the City Council approves or disapproves the application and sets the number of years for the tax freeze by resolution. The decision is completed within 60 days of the municipality receiving the application.
5. An approved application and resolution are sent to the State Tax Commission (STC). The STC has 60 days to approve or disapprove the request. To apply for the abatement of school millage, the developer must make note of this on the application form. The STC is responsible for final approval and issuance of all OPRA certificates.

**CONTACT:** Assessor's Office: [assessor@escanaba.org](mailto:assessor@escanaba.org) or (906) 786-9402

## STATE AND REGIONAL PARTNERS

### MICHIGAN ECONOMIC DEVELOPMENT CORPORATION (MEDC)



MEDC offers grants and loans to redevelop Michigan's downtowns and foster historic preservation. By encouraging a compact mixture of uses and walkable urban fabric, we decrease the impact of sprawling development and efficiently utilize infrastructure. This development promotes environmentally and fiscally sustainable environments that attract talent and business and keep our youth here.

[Community Development Programs | MiPlace](#)

### NORTHERN INITIATIVES



Northern Initiatives is a non-profit CDFI that provides loans to small business owners and entrepreneurs in Michigan that might not qualify for loans from traditional banks for a variety of reasons.

Northern Initiatives is located in Marquette, Michigan.

[Northern Initiatives | Small Business Loans and Services in Michigan](#)

1401 Presque Isle Avenue

NMU Jacobetti Complex, Suite 202

Marquette, MI 49855

## DELTA COUNTY ECONOMIC DEVELOPMENT ALLIANCE



The Delta County Economic Alliance is a non-profit countywide private/public partnership with the mission to lead in the promotion of economic development of Delta County through the attraction, retention and expansion of business and industry.

Founded in 1994, it serves as a “one-stop shop” for new and existing business by providing timely and accurate information on nearly any business-related aspect of Delta County.

The EDA is ran by a team of change-driven individuals and is overseen by a passionate board of directors that is eager to improve Delta County through the attraction of talent, retention of business, and growth of industry.

[Home](#) | [Delta County EDA \(deltaeda.org\)](#)

Delta County EDA  
1001 N Lincoln Rd  
Escanaba, MI 49829  
906-786-2192  
[eda@deltami.org](mailto:eda@deltami.org)

## INVESTUP



Invest UP is the lead regional economic organization for the Upper Peninsula. Our mission is to drive prosperity across the Upper Peninsula.

Marty Fittante, CEO  
906-227-2055  
[invest@investupmi.com](mailto:invest@investupmi.com)  
201 Cohodas Hall  
1401 Presque Isle Avenue  
Marquette, MI 49855