

BUSINESS INCENTIVES PRACTICE

MAJOR INCENTIVE PROGRAMS MICHIGAN

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The Business Incentives Practice (“BIP”) strategically assists companies through the process of securing optimal incentive packages for projects considering an expansion, consolidation, or relocation. BIP leverages a project’s unique strengths and benefits to identify, negotiate, and implement all feasible economic development or government incentives (“Incentives”) opportunities. Moreover, BIP provides ongoing support and administration for a project to address any issues that may arise. By engaging BIP to work in parallel to the site selection team, businesses can have assurance that the optimal level of Incentives is secured and realized.

SERVICES

BIP’s mission is to develop a strategy that enhances business performance, while reducing a project’s up-front capital and ongoing operational costs through the procurement of Incentives. Many businesses are not aware they may be entitled to Incentives benefits for certain expansion, consolidation, and relocation activities. BIP identifies said opportunities through a multifaceted methodology that begins with careful analysis of project-specific data. The process continues with a detailed due diligence on all aspects of site-specific Incentives opportunities and concludes with the negotiation, implementation, and administration of Incentives.

RESULTS

BIP has successfully secured Incentives packages for a broad range of clients globally. The BIP team maintains a robust incentives database and along with its vast experience it facilitates the best possible results for a project. Since its inception, BIP professionals have negotiated in excess of \$3.0 billion in savings for its clients.



KEY PROJECT TYPES

BIP enables its clients to identify, negotiate, and quantify the myriad of incentives available through the federal, state, and municipal governments, as well as utilities service providers. BIP clients represent all industry sectors, ranging in size from Fortune 100 corporations to private owners, occupiers and developers. Almost any type of corporate location initiative can benefit from the use of C&W’s Business Incentives Practice:

- Corporate Headquarters Facilities
- Manufacturing Facilities
- R&D Centers
- Warehouse and Distribution Facilities
- Call Centers
- Data Centers
- Back-Office Centers
- Mixed-Use Developments

MICHIGAN’S RECENTLY AWARDED INCENTIVES (USD M)

COMPANY	INVESTMENT	JOB	INCENTIVES
Ferrous CAL	\$53.0	100	\$9.9
Plasan North America	\$12.3	120	\$0.9
Superior Industries International	\$2.5	75	\$0.9
Triton Industries (Manitou Boats)	\$2.6	37	\$1.6
Detroit Diesel	\$208.0	245	\$1.3
Denso Manufacturing Michigan	\$53.6	100	\$0.6
3Con (3Con USA)	\$6.4	136	\$0.5
Cedar Springs Brewing Company	\$1.5	15	\$0.5
Orbtec 3D Technology International	\$3.2	40	\$0.3
OMT-Veyhl USA	\$8.8	206	\$0.8
MIG Molding	\$1.2	32	\$0.1
Gentherm	\$8.4	150	\$0.8

OVERVIEW OF MAJOR MICHIGAN INCENTIVE PROGRAMS

MICHIGAN BUSINESS DEVELOPMENT PROGRAM

The Michigan Business Development Program (MBDP) is designed to provide a grant, loan, or other economic assistance to qualified businesses that make qualified investments, create qualified new jobs, or both, in Michigan. The Qualified New Jobs must be held by Michigan residents of the Applicant company and be in addition to those maintained in Michigan prior to the project. Eligible investment includes investment made by business in Michigan in support of the project and approved by the Michigan Strategic Fund (MSF). The MSF may consider the following factors when considering a project for MSF Support:

- Out-of-state competition
- Net-positive return to Michigan
- Level of eligible investment in the project
- Near-term projects with identified financial support
- Business diversification
- Re-use of existing facilities
- Near-term job creation
- Level of wages for new jobs
- Employer provided benefits
- Strong links to Michigan suppliers
- Whether the project is in distressed or targeted communities

Any business seeking to qualify for MSF support on the basis of job creation must create a minimum of 50 Qualified New Jobs. If a project is located in a rural county (population less than 90,000) or qualifies as a high-technology activity, however, the business must create a minimum of 25 qualified new jobs. The MSF will not provide support under this program for retail or retention projects. MSF support for any project may not exceed \$10 million.

MSF support in the form of a grant will be performance based, and include flexible terms and conditions, including repayment provisions under circumstances approved by the MSF.

PERSONAL PROPERTY TAX RELIEF

COMMERCIAL PERSONAL PROPERTY TAX RELIEF

Michigan automatically reduces the personal property tax burden on a company's commercial personal property anywhere in the state. Commercial personal property automatically receives a 12-mill exemption, and the savings will be realized on both new and existing commercial personal property. This property tax relief will remain in effect beyond the number of years specified in the incentives matrix, contingent upon the statutory authority remaining in place.

Michigan shows an average deal value of \$2.09 million with 130 new jobs created per deal

INDUSTRIAL PERSONAL PROPERTY TAX RELIEF

Michigan automatically reduces the personal property tax burden on a company's industrial personal property anywhere in the state. This automatic reduction includes the 6-mill State Education Tax and the 18-mill local school property tax, and the savings will be realized on both new and existing industrial personal property. This property tax relief will remain in effect beyond the number of years specified in the incentives matrix, contingent upon the statutory authority remaining in place.

COMMERCIAL REHABILITATION ABATEMENT

The Commercial Rehabilitation Abatement Public Act 210 of 2005 encourages the rehabilitation of commercial property by abating the property taxes generated from new investment for a period of up to 10-years. As defined, 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. Types of commercial business enterprises include office, engineering, research & development, warehousing, parts distribution, retail sales, and other commercial activities.

Any city, village, or township is eligible to apply for a Commercial Rehabilitation Abatement. In order to qualify for the abatement, new investment in the rehabbed property must result in improvements aggregating to more than 10 percent of the true cash value of the property at commencement of the rehabilitation of the qualified facility.

Upon approval by the State Tax Commission, a commercial rehabilitation certificate is issued. The property owner will receive a yearly commercial rehabilitation tax rather than the normal property tax. The certificate may be issued for a period of at least a year, but can't exceed 10-years. Certificates initially

issued for less than 10-years may be extended, but shall not exceed 10-years. The criteria for extensions must be included in the resolution approving the abatement.

MICHIGAN NEW JOBS TRAINING PROGRAM

The Michigan New Jobs Training Program (MNJTP) is available to assist businesses that are creating new jobs in Michigan. If a business is expanding operations, or locating a new facility in the state, the MNJTP can provide flexible funding to meet a wide variety of training needs for new employees – at no cost to employers. The training available includes:

- Adult basic education and job-related instruction
- Developmental, readiness, and remedial education
- Vocational and skill-assessment services and testing
- Training facilities, equipment, materials, and supplies
- Subcontracted services
- Contracted or professional services

In order to qualify for the Michigan New Jobs Training Program, businesses must hire new full-time, permanent positions for a new or expanding business in Michigan. The new positions must not be related to recalling laid off or replacement workers, and cannot have existed within the previous 12-months. Additionally, the new positions must pay at least 175% of the state minimum wage, or approximately \$12.95/hr.

OTHER MICHIGAN INCENTIVE PROGRAMS

- Community Development Block Grant
- Brownfield Redevelopment Program
- Michigan Community Revitalization Program
- Brownfield Tax Increment Financing
- Michigan NextEnergy Authority Property Tax Benefits
- Property Tax Exemptions
- Sales Tax Exemptions
- Property Tax Abatements
- Renaissance Zones

For more information, contact:

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