

## GEOGRAPHIC RENAISSANCE ZONES

Geographic Renaissance Zones® are regions of the state designated as virtually tax free for any business or resident presently in or moving to a zone. The zones were designed to provide selected communities with a market-based incentive of no state or local taxes to encourage new jobs and investment. A Geographic Renaissance Zone can consist of up to 10 different geographically defined subzones not including the Military Geographic Renaissance Zones. This program was established in 1996 and originally consisted of 11 zones. It was later expanded to 21 zones, which now include over 150 geographic areas. The zones are located in urban and rural areas across the state and also include three former military bases.

Since the program's inception, the local units of government have indicated over 640 projects, which will result in the creation of over 10,100 jobs and over \$3 billion in private investment.

Amendments to the original Renaissance Zone Act (PA 376 of 1996) now allow certain local governmental units in which Renaissance Zones have been designated to do both of the following through December 31, 2011, for a specific project:

- Designate new subzones.
- Extend the duration of time for one or more portions of a Renaissance Zone.

The Michigan Strategic Fund (MSF) board is authorized to approve new subzones and time extensions. New investment or job creation either from new entities in the zone or expansion from an existing entity must be the catalyst for consideration of a new subzone or time extension by the MSF. These designations are project driven, parcel specific. No boundary expansions are allowed.

The taxes that companies and residents located in a zone do not pay include:

- Michigan Business Tax
- Michigan personal income tax (if a resident of the zone)
- Michigan's 6-mill state education tax
- Local personal property tax
- Local real property tax
- Local income tax
- Utility users tax (Detroit only)

Taxes still due are those mandated by the federal government, local bond obligations, the school sinking fund, or special assessments. Companies/residents are not exempt from paying Michigan sales and use tax and must be current with all state and local taxes in order to be eligible for benefits under the program.

The state of Michigan reimburses intermediate school districts, local school districts, community college districts and public libraries where taxes are abated. The state of Michigan does not replace the tax revenue lost to the local unit of government or other taxing jurisdictions except for those listed in the preceding sentence.

In all cases, tax benefits will be phased out in 25 percent increments during the last three years of the zone designation.

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.

For more information, contact the Michigan Economic Development Corporation<sup>SM</sup> Customer Assistance Center at 517:373.9808.