

RENEWABLE ENERGY RENAISSANCE ZONES

To assist in the development of a strong renewable energy industry in Michigan, Renewable Energy Renaissance Zones (RERZ) were created to promote renewable energy operations in the state. These RERZs differ from Michigan's original renaissance zones because they must contain a renewable energy facility and can be located anywhere in Michigan. In addition, the benefits of an RERZ apply only to the operations of the designated company within the geographic boundaries of the Zone.

Definition: "Renewable energy facility" means:

- A facility that creates energy, fuels, or chemicals directly from the wind, the sun, trees, grasses, biosolids, algae, agricultural commodities, processed products from agricultural commodities, or residues from agricultural processes, wood or forest processes, food production and processing, or the paper products industry;
- A facility that creates energy, fuels, or chemicals from solid biomass, animal wastes, or landfill gases;
- A facility that focuses on research, development, or manufacturing of systems or components of systems used to create energy, fuel, or chemicals from the items described in this subdivision; and
- A facility that focuses on research, development, or manufacturing of systems or components of systems that involve the conversion of chemical energy for advanced battery technology.

The application process begins with community and company officials meeting with a Michigan Economic Development CorporationSM (MEDC) business development manager to discuss a project in detail. RERZ applications are submitted by the county or distressed community (Section 11 of PA 346 of 1966) to the MEDC. The city, village or township in which a RERZ is proposed must approve a resolution for abatement of taxes. To receive recommendation from the Michigan Strategic Fund Board (MSF), applicants must

demonstrate the positive economic impact the project will have on the local unit of government and on the state.

The taxes facilities located in a renaissance zone do not pay are state education tax, personal and real property taxes, and local income tax where applicable. Taxes still due are those mandated by the federal government, local bond obligations, school sinking fund or special assessments. Companies are not exempt from paying Michigan sales and use tax. Companies located in RERZs must be current with all state and local taxes in order to be eligible for benefits under the program.

The Michigan State Administrative Board (SAB), upon recommendations from the MSF, approves RERZ designations. If the Renewable energy facility uses agricultural crops or residues, or processed products from agricultural crops as its primary raw material source, a Michigan Agriculture Commission recommendation is also required prior to approval by the SAB. Once approved, the company enters into an agreement with the MSF outlining private investment and job creation numbers approved by the SAB. Taxes can be abated up to 15 years. In all cases, the tax relief is phased out in 25 percent increments over the last three years of the zone designation.

CONTACT INFORMATION

For more information, contact the MEDC Customer Contact Center at 517.373.9808.