

FOREST PRODUCTS PROCESSING RENAISSANCE ZONES

To assist in the development of a strong forest products industry in Michigan, Forest Products Processing Renaissance Zones (FPPRZ) were created to promote forest products operations in the state and to enhance the industry. These FPPRZs differ from Michigan's original renaissance zones because they are required to contain a forest products processing facility and can be located anywhere in Michigan. In addition, the benefits of an FPPRZ apply only to the operations of the designated company within the geographic boundaries of the Zone.

Definition: "Forest Products Processing Facility" means one or more facilities or operations that transform, package, sort, recycle, or grade forest or paper products into goods that are used for intermediate or final use or consumption or for the creation of biomass or alternative fuels through the utilization of forest products or forest residue, and surrounding property. Forest products processing facility does not include an existing facility or operation located in this state that relocates to a renaissance zone for a forest products processing facility. Forest products processing facility does not include a facility or operation that engages primarily in retail sales.

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. FPPRZ 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 FPPRZ 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. Forest products processing facilities located in FPPRZs 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 FPPRZ designations. 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.

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