

AGRICULTURAL PROCESSING RENAISSANCE ZONES

OVERVIEW

Michigan has a vibrant food and agricultural industry and is second in our nation in the variety of commodities grown for market. Agricultural Processing Renaissance Zones (APRZ) were created to promote agricultural processing operations in the state of Michigan and to enhance the industry overall. These APRZ differ from Michigan's original renaissance zones because they are required to contain an agricultural processing facility and can be located anywhere in Michigan. In addition, the benefits of an APRZ apply only to the operations of the designated company within the geographic boundaries of the Zone.

Definition: "Agricultural Processing Facility" means one or more facilities or operations that transform, package, sort, or grade livestock or livestock products, agricultural commodities, or plants or plant products, excluding forest products, into goods that are used for intermediate or final consumption including goods for nonfood use and surrounding property.

The application process begins with community and company officials meeting with a Michigan Economic Development Corporation (MEDC) business development manager and Michigan Department of Agriculture, Agriculture Development Division staff, to discuss a project in detail. APRZ 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 an APRZ is proposed must approve a resolution for abatement of taxes. To receive recommendation from the Michigan Strategic Fund, applicants must demonstrate the positive economic impact the project will have on the local unit of government and on the state, as well as the ways in which the project will strengthen Michigan's agricultural community.

The taxes that 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, the Corporate Income Tax, school sinking fund or special assessments. Companies are also not exempt from paying Michigan sales and use tax. Companies with agricultural processing facilities located in an APRZ must be current with all state and local taxes in order to be eligible for benefits under the program.

Then the Michigan State Administrative Board (SAB), upon recommendations from the Michigan Strategic Fund Board (MSF) and the Michigan Agriculture Commission, approves APRZ designations. Once approved, the company enters into a 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 Michigan Department of Agriculture at 517.241.2178.