

Midland Tomorrow is a private nonprofit 501 (c) (3) economic development organization for the County of Midland and its municipalities, dedicated to removing barriers to enterprise.



Our mission is threefold:

- 1) Increase employment by encouraging and supporting industrial retention and expansion
- 2) Attract economic base industries
- 3) Support community development

Our free and confidential services include:

SITE SELECTION SERVICES

In addition to the industrial park land we own, we maintain an inventory of commercial and industrial sites, buildings, and R&D space available in Midland County. Midland Tomorrow staff can **match your key site location factors** to properties that meet your requirements. We will provide you with a customized "sites profile package," guided site visits and community tours as part of the overall site selection process.

FINANCIAL PACKAGING AND INCENTIVE PROGRAMS

Midland Tomorrow will analyze your firm's eligibility for financing programs available from federal, state and local governments and will assist you with application procedures. Also, we can help identify private debt and equity financing sources and non-conventional public and private financing options.

In addition, we will assist with the preparation of applications for **property tax abatement and other state or federal incentive programs**.

BUSINESS ATTRACTION

Midland Tomorrow attraction program targets a broad group of economic base companies that are compatible with the community. **Midland is a pro-business community** that has a strong history of supporting job creation.

BUSINESS RETENTION

Retention of the county's existing economic base is one of the most critical functions of Midland Tomorrow. We recognize that our community's most valuable asset is our existing economic base. Our objective is to create additional jobs and tax base by nurturing our existing economic base- it's what we call our **"Economic Gardening"** strategy. We offer a full range of economic development services targeted toward businesses that are expanding their operations.

SMALL BUSINESS COUNSELING

Midland Tomorrow is a satellite office of the Michigan Small Business & Technology Development Center Region 5. Academy trained counselors are on staff to assist Midland's entrepreneurs with business plan development, financial assistance and business training.

COMMUNITY INTRODUCTION

Midland Tomorrow will introduce you to local business and community leaders, an invaluable resource when making site selection or expansion decisions. Midland Tomorrow maintains a **comprehensive database** that includes information about the local businesses environment, demographics, economic trends, and other information.

WORKFORCE DEVELOPMENT

Midland Tomorrow in collaboration with MiTech+ will help your business utilize various federal, state and local job training and educational opportunities. Midland Tomorrow will assist you so that your business can take advantage of a broad range of programs that best meet your needs. Federal, state and local programs can provide free or subsidized training that is customized to meet the specific needs of your company and its employees.

COMMUNITY DEVELOPMENT

Midland Tomorrow assists local governmental units with planning, zoning, grant applications and other issues important to the planned development of Midland County. We also help local Downtown Development Authorities with their revitalization activities.

Incentives

Tax Abatement: P.A. 198

The State of Michigan's Public Act 198 of 1974 allows local governments to grant tax abatements that reduce both real and personal property taxes on new plants or investments that rehabilitate obsolete facilities and equipment. Historically, local governments in Midland County have been pro-business, granting abatements for the full twelve-year period without terms for large and small manufacturers.

The abatement will reduce the amount of real and personal property tax paid by the company for the project by roughly 50 percent each or in the case of a plant rehabilitation project, the obsolete SEV is frozen and the investment on improvements is 100 percent exempt from property taxes.

Eligible businesses include industrial plants that primarily manufacture or process goods or materials by physical or chemical change. Related facilities of Michigan manufacturers such as offices, engineering, research and development, warehousing or parts distribution are also eligible for exemption. Schools are generally not affected due to the school foundation grant. All or half of the State's six mills for education may be abated by the Michigan Economic Development Corporation (MEDC) if the project warrants and is approved by the MEDC.

To receive tax abatement under P.A. 198, the eligible business must complete a two-step process. The first step is to file a written request with the local municipality, *before* starting the project to be abated, to establish an Industrial Development District or Plant Rehabilitation District. After a public hearing, the legislative body of the local municipality adopts a resolution establishing the district.

The second step for the business is then to file a request with the local municipality to receive an Industrial Facility Tax (IFT) Certificate, which entitles the facility to exemption from ad valorem real and/or personal property taxes for a period of 1 to 12 years. After a public hearing, the legislative body of the local municipality adopts a resolution granting the exemption. The approved application is then submitted to the state of Michigan Tax Commission and the Michigan Economic Development Corporation for review and final approval. Applications are due to the State Tax Commission by October 31 to be eligible for exemption in the following year. The State Tax Commission is ultimately responsible for final approval and issuance of certificates.

Midland Tomorrow offers assistance with the entire PA 198 process and can offer insight into eligibility and financial impact an abatement can have for a project.

Michigan Economic Growth Authority (MEGA)

MEGA was created to promote high quality economic growth and job creation. Since its inception in 1995, MEGA tax credits have generated more than \$11.5 billion in private investment and created nearly 120,000 jobs.

Companies eligible for a MEGA tax credit against the SBT are those engaged in manufacturing, research and development, wholesale trade or office operations that are financially sound and have solid proposals. Retail facilities are not eligible. Each credit may be awarded for up to 20 years and up to 100% of the amount of the project based on regulations and MEGA board approval.

MEGA tax credits are available to in-state companies creating at least 75 new jobs, or 150 new jobs for those based out-of-state, within one year. The average wage must equal or exceed 150% of the federal minimum wage. Contract employees do not count toward the requirement. The new jobs must be in addition to those existing during the year preceding application for the credit; previously existing jobs must be maintained for the life of the credit.

The MEGA Board will consider projects where there is a competitive disadvantage for expanding or locating the business in Michigan, and must be necessary for the expansion/location to be made in Michigan. Other factors the Board will consider are the total capital investment of the business and the impact of the project on Michigan's economy.

Michigan Economic Growth Authority (MEGA) High-Technology Credit

If you are a business primarily engaged in high technology activities or devote at least 25% of operating expenses to research and development, and are planning to expand or locate a new facility and need a reason to select Michigan rather than another state, you may be eligible for a high-tech job creation tax credit against the Single Business Tax through MEGA.

These tax credits are designed to attract new, innovative and cutting-edge companies that specialize in new technologies. Eligible projects for these companies must create 5 new jobs within one year and 25 new jobs within 5 years. The average salary for these jobs must be 400% of the federal minimum wage.

High-Tech Mega SBT Credits are available to expanding firms doing advanced computing, biotechnology, electronic device technology, engineering and laboratory testing related to product development, medical device technology, product research and development, advanced vehicle technology or technology that assists in the assessment or prevention of threats or damage to human health or the environment.

Alternatively, firms may be eligible if 25% of their operating budget is devoted to research and development activities and will remain so for the first three years of the tax credit.

A business may receive an SBT credit for the incremental SBT liability attributable to its expansion or location in Michigan, and a refundable credit equal to the personal income tax attributable to new jobs being created at the site of the expansion or new location. Each credit may be awarded for up to 20 years and for up to 100% of the tax related to the project.

Brownfield Redevelopment – P.A. 381

Brownfield redevelopment has long been a challenge for local communities, especially blighted or obsolete industrial facilities.

To rectify this situation, the City of Midland has established a Brownfield Redevelopment Authority to develop and implement Brownfield projects. The Brownfield Redevelopment Authority is a resource that may allow developers to apply for Single Business Tax (SBT) Credit incentives from the state of Michigan.

Brownfield Single Business Tax Credit (SBT) – P.A. 143

The Brownfield Single Business Tax (SBT) Credit, Public Act 143 of 2000, as amended, allows for a tax credit to be awarded for eligible redevelopment investments on Brownfield property. The credit is against the Single Business Tax liability of the developer, providing up to 10 percent credit on eligible investment through December 31, 2007. Tax Credits are competitively awarded by state of Michigan.

Eligible investment includes demolition, construction or improvement of a building (i.e. restoration, alteration, and renovation), addition of machinery, equipment or fixtures to the property and site improvements.

Any qualified taxpayer of eligible property with a project included in Midland's Brownfield Plan is eligible to receive a Brownfield SBT Credit. The qualified taxpayer must own or lease eligible property (commercial, industrial or residential property, identified in Midland's Brownfield Redevelopment Authority Plan, that is contaminated, blighted or functionally obsolete). The qualified taxpayer must also certify that the Michigan Department of Environmental Quality (MDEQ) has not sued or issued a unilateral order to the taxpayer to compel response activity to the property or demanded reimbursement from the taxpayer.

To receive a Brownfield SBT Credit, qualifying taxpayers must submit an SBT Brownfield Redevelopment Credit Project Pre-Approval Application to MEGA describing how their project meets the criteria established in Midland's Brownfield Redevelopment Plan. If the application is approved, the developer will be issued a pre-approval letter by the Michigan Economic Growth Authority (MEGA). The developer must complete the project within five years of the date of the pre-approval letter. Upon project completion, MEGA will verify that the project has been successfully completed, and will then issue a Certificate of Completion. Once the Certificate of Completion is in-hand, the developer can take the credit on his or her next tax return.

Brownfield Tax Increment Financing (TIF)

The Brownfield Redevelopment Financing Act, Public Act 381 of 1996, as amended, allows Brownfield Redevelopment Authorities to utilize tax increment financing to implement Brownfield redevelopment projects. The incremental increases to property tax revenues can be used to finance eligible activities on the site, including baseline environmental assessments, due care activities and additional response activities. Within Core Communities such as Midland, tax increment financing can also be used to fund demolition, public infrastructure, site preparation and lead and asbestos abatement.

Eligible property is industrial property identified in Midland's Brownfield Redevelopment Authority's plan as being contaminated, blighted or functionally obsolete. Please contact Midland Tomorrow to find out if your business can locate within identified Brownfield property in Midland to be eligible for Tax Increment Financing.

Obsolete Property Rehabilitation Act (OPRA) – P.A. 146

The Obsolete Property Rehabilitation Act (OPRA), Public Act 146 of 2000, provides for a tax incentive to encourage the redevelopment of obsolete buildings. The tax incentive is designed to assist in the redevelopment of older buildings, in which a facility is contaminated, blighted or functionally obsolete. The goal is to rehabilitate older buildings into vibrant commercial and commercial housing projects. The OPRA tax incentive freezes the existing taxable value on a designated non-school facility for up to 12 years, providing an incentive for the developer to make significant improvements to a building without increasing the property taxes on the building.

OPRA tax abatements may be given for those eligible projects that take place on an obsolete property and result in a commercial or commercial housing building project. To establish an Obsolete Property Rehabilitation District and to receive an OPRA tax incentive for that district, the owner of an obsolete property must submit an application to local government for an obsolete property rehabilitation exemption certificate. Once a completed application is received, the clerk must notify the assessor and each taxing unit that levies property taxes. Following the notice, a public hearing is required. The community can determine the number of years (up to 12) to apply the incentive. The public hearings for the district and the exemption certificate may be held on the same day, but with individual public hearings. Once approved locally, the application and resolution must be sent to the State Tax Commission. The State Tax Commission has 60 days to approve or disapprove the request. To apply for the abatement of school millage, the developer must make note of this on the application form.

Training

Economic Development Job Training Program (EDJT)

The Economic Development Job Training (EDJT) program seeks to ensure that Michigan has the training resources to retain and attract smart businesses and people. In recent years, Michigan has developed trend-setting programs to deliver job training assistance to employers. The Economic Development Job Training (EDJT) program is a major feature of the state's economic development efforts.

EDJT funds are competitively based, but can be used when firms make large investments and require worker training. Midland Tomorrow serves as a conduit to apply for and acquire these funds from the MEDC.

The EDJT serves as the link between local training providers, employers, economic development organizations, local Michigan Works! agencies and the Michigan Economic Development Corporation. Additional business and education cooperation beyond the grant project often results in career preparation system projects. The program is targeted to business sectors that will have the highest economic impact on the State of Michigan.

Midland-Bay-Saginaw Michigan Works!

The Midland-Bay-Saginaw branch of Michigan Works! offers services to help businesses train employees and help match potential employees with jobs. These services include the Workforce Investment Act, Work First, Michigan Talent/Job Bank, Veteran's Employment services, Disabled Veterans employment services, Employment Service, Michigan Rehabilitation Services (MRS), and the Business Resource Center for starting a business. Please contact us for more information about connecting your business with the services offered by Michigan Works!.

Financing

Banks – Investor Referrals

Midland County and its municipalities feature a wide variety of lenders with competitive interest rates for a wide variety of business applications. Midland Tomorrow can connect your business or organization with the lender that can provide the best assistance for your specific needs.

U.S. Small Business Association (SBA) Programs

The Small Business Association offers several loan, credit and financing options for small businesses and startups. Midland Tomorrow can help you determine your eligibility for these programs and can connect you with the appropriate personnel at the SBA to proceed further.

- **7(A) Loan Guaranty Program**

The 7(a) Loan Guaranty is the SBA's primary loan program. It reduces risk to lenders by guaranteeing major portions of loans made to small businesses. The 7(a) loan can be used to expand or renovate facilities; purchase machinery, equipment, fixtures and leasehold improvements; finance receivables; augment working capital; refinance existing debt with compelling reason; finance seasonal lines of credit; construct commercial buildings and/or purchase land or buildings.

- **SBALowDoc**

SBALowDoc is designed to increase the availability of loans under \$150,000 by streamlining the loan review process. All that is required is that the lender submit a simple two-page application form that is processed within 36 hours. SBA may guarantee up to 85% of the loan up to \$150,000. Proceeds may not be used to repay certain types of existing debt.

- **SBAExpress**

SBAExpress is available for loans up to \$250,000. The SBA guarantees up to 50 percent of the loan, and loans under \$25,000 do not require collateral. Like most 7(a) loans, maturities are usually five to seven years for working capital and up to 25 years for real estate and equipment. Revolving lines of credit are allowed for a maximum of five years.

- **CAPLines**

CAPLines is a revolving line of credit designed to help small business owners meet their short-term and cyclical working capital financing needs. There are five loan programs under the CAPLines umbrella which may be used to finance seasonal working capital needs; finance direct costs for construction, service and supply contracts; finance purchase orders by obtaining advances against existing inventory and accounts receivable; and consolidate short-term debt.

- **Export Working Capital Program**

The EWCP provides pre- or post-shipment working capital financing for export activities. It is transaction-based and can be a revolving line of credit or structured for each purchase order, shipment or contract. *The loan may not be used for refinancing fixed assets, marketing or setting up operations abroad.*

Industrial Development Revenue Bonds (IDRBs)

Industrial Development Revenue Bonds (IDRBs) apply the tax-exempt finance mechanism of revenue bonds to the "public purpose" of economic development. Interest income earned on bonds for qualifying companies is exempt from federal, state, and local income taxes, thereby reducing the cost of capital (including the cost of letters of credit, remarketing fees, etc.) to an average of 75-85 percent of prime.

IDRB loans can be made for manufacturing projects and not-for-profit corporation projects and solid waste facilities. At least 70 percent of bond proceeds must be spent on "core manufacturing" costs. If you acquire existing facilities, a minimum of 15 percent of the bond proceeds must be used to renovate the facility. Used equipment is generally ineligible. Loans for such purposes as working capital or inventory are not permitted.

The maximum size of bonds is limited to \$1,000,000 free of any restrictions on capital expenditures, or \$10,000,000 subject to the condition that the company's total capital expenditures in the locality over the period of three years before and three years after the date of issuance do not exceed \$10,000,000. No limit exists on the size of bond issues to finance solid waste disposal facilities or nonprofit corporations. Contact us to determine your eligibility for IDRBs.

Taxable Revenue Bonds (TRBs)

Taxable Revenue Bonds provide small-and medium-sized companies access to public capital markets normally available to larger companies. The principal advantage of using taxable bond financing is access to long-term fixed-rate or variable-rate financing. Since banks generally consider a long-term loan to be five (5) years, the annual cash flow difference to a company utilizing taxable bonds can be considerable. Interest received from a federally taxable bond issued by a Michigan governmental entity is exempt from Michigan state and local taxes.

The taxable bond program can provide financing for up to 100 percent of the cost of a project including fixed assets, cost of issuance and working capital. All projects eligible prior to the 1986 Tax Reform Act are eligible for this program including commercial, air pollution control and water pollution control facilities. Those previously eliminated from tax-exempt financing, such as industrial facilities exceeding \$10 million, nursing homes operated by for-profit corporations, recreational facilities, automobile sales and service facilities and restaurants are eligible. Contact Midland Tomorrow to discuss your project idea and to ensure your eligibility for the TRB program.

Midland Revolving Loan Fund (RLF)

The mission of the Midland Revolving Loan Fund is to fill gaps in the capital markets by financing businesses that do not qualify for conventional financing. A loan fund of \$100,000 is currently available. The loan is tied to low-income job creation. Income is measured as the household income at the time of hire. The current income guidelines are as follows: a household of 1 - \$30,900; 2 - \$35,350; 3 - \$39,750; and 4 - \$44,150.