

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 and to enhance the industry. These RERZs differ from Michigan's original renaissance zones because they require them to contain a company's renewable energy facility and can be located anywhere in Michigan.

Definition: 'Renewable Energy Facility' means a facility that creates energy directly or fuel 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. Renewable energy facility also includes a facility that creates energy or fuels from solid biomass, animal wastes, or landfill gases. Renewable energy facility also includes a facility that focuses on research, development, or manufacturing of systems or components of systems used to create energy or fuel from the items described in this subdivision.

The application process begins with community or 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 P. A. 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. Applicants must demonstrate the positive economic impact the project will have on the local unit of government and on the state.

Taxes that facilities located in a renaissance zone do not pay are Michigan Business Tax (MBT), 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. Renewable energy facilities located in RERZs 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 those listed in the preceding sentence.

The Michigan State Administrative Board, upon recommendation from the Michigan Strategic Fund Board (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 or production of cellulosic biofuels, a Michigan Agriculture Commission recommendation is also required prior to approval by the Michigan State Administrative Board. Taxes can be abated up to 15 years. In all cases, the tax relief will be phased out in 25% increments over the last three years of the zone designation.

For more information, contact the Michigan Economic Development Corporation Customer Assistance Center at 517.373.9808.