

## 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 company's forest products processing facility and can be located anywhere in Michigan.

**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 that is 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 or company officials meeting with a Michigan Economic Development Corporation<sup>SM</sup> (MEDC) account 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. 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. 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 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 FPPRZ designations. 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 MEDC Customer Assistance Center at 517.373.9808.