

Brownfield Work Plans and the School Aid Fund

Brownfields include properties that are contaminated (facility), blighted, functionally obsolete, or are historic resources. Regardless of their classification, all brownfield properties face economic impediments to reuse and redevelopment.

The Michigan Strategic Fund (MSF), with assistance from the Michigan Economic Development Corporation (MEDC), along with the Department of Environment, Great Lakes, and Energy (EGLE), may authorize capture of taxes levied for school operating purposes by a local Brownfield Redevelopment Authority in accordance with Act 381 of 1996.



HOW BROWNFIELDS WORK

HOW LOCAL SCHOOL DISTRICTS RECEIVE BASE AND NEW TAXABLE VALUES DURING TIF PERIOD

TIFs and TIRs

MSF's Brownfield Program, administered by the MEDC and EGLE's Brownfield Program, uses Tax Increment Financing (TIF) to reimburse brownfield-related costs incurred while redeveloping contaminated, functionally obsolete, blighted or historic properties. Tax Increment Revenue (TIR) generated by the increase of the redeveloped property's taxable value is captured during the length of a brownfield plan.

The taxes that are captured as part of a brownfield plan, as authorized by EGLE, the MSF or both, reimburse a developer for the costs incurred during the remediation and/or redevelopment of a brownfield site. These taxes are above and beyond the base level of tax revenue being generated by the unimproved site and represent new revenue that would not exist without the redevelopment taking place.

Tax Capture

Property tax millages are levied by many different taxing authorities. Capture of new tax revenue generated by the new redevelopment project from those millages is authorized by the local brownfield redevelopment authority and local legislative body for local taxes

By increasing the taxable value of the subject property, the brownfield program not only generates increased tax revenue on the subject property, but it often has a significant positive impact on the taxable values of surrounding properties while encouraging other investment that will result in more funding for schools. The original, base amount of revenue collected prior to the redevelopment project continues to go to schools during the length of the brownfield plan.

State tax capture from other programs

Brownfield redevelopment authorities may also seek State approval for capture of taxes levied for school operating purposes from EGLE for reimbursement of department-specific activities related to environmental eligible activities and from the MSF for non-environmental eligible activities. A combination of both environmental and non-environmental tax captures can be utilized by the developer.

Counties report to the Michigan Department of Education the amount of tax revenue levied for school operating purposes captured by TIF authorities, including brownfield redevelopment authorities, downtown development authorities (DDA), and local development financing authorities. The local school district is reimbursed by the state School Aid Fund.

TIF PERIOD ENDS

Once the brownfield plan reimbursement is complete, increased property taxes levied for school operating purposes that would not exist without the development taking place begin going directly to the local school district and School Aid Fund. If the new redevelopment resulted in other tax growth and encouraged investment in surrounding properties then the resulting increase in revenue to the school can be much greater.