michigan municipal league
Better Communities. Better Michigan.
1675 Green Road
PO Box 1487
Ann Arbor, MI 48106-1487
TEL 734.662.3246 800.653.2483
FAX 734.662.8083
WEB www.mml.org

FOR IMMEDIATE RELEASE
April 25, 2011

Contact: Matt Bach, Director of Communications
734-669-6317, mbach@mml.org

House and Senate Bills Would Kill Successful Tax Credits Used by Local Communities to Generate Jobs, Investments

Brownfield, Historic Preservation Credits Widely Used to Attract Employers

LANSING, Mich. — The Michigan Municipal League today urged state legislators to fix identical bills moving in both the Senate and House that would kill one of the strongest job creating tools available to local governments across the state: tax credits for companies that open in old buildings and on previously developed land.

Bills that would eliminate Brownfield and Historic Preservation tax credits and replace them with a new program funded at dramatically reduced levels are pending additional legislative action on the state Senate floor and in the state House Appropriations Committee. A vote on the bill in the Senate may occur as early as this week.

Gov. Rick Snyder has proposed $50 million in funding for a new program (called Business Attraction and Economic Gardening) intended to replace the Brownfield and Historic Preservation credits — an amount the governor acknowledged “may not be adequate” (March 26, 2011, *Detroit News*) for the effective local job-generating tools. But House and Senate committees have moved to slice the funding in half, to $25 million.

“Elimination of the credits along with miniscule funding for a replacement program will devastate the ability of local communities across Michigan to attract private development and create jobs,” said League CEO and Executive Director Dan Gilmartin. “These economic development cuts are in addition to the elimination of at least 1/3 of statutory revenue sharing that was promised to communities. Revenue sharing has already been cut by the Legislature by $4 billion over the last 10 years, and now the Legislature appears intent on gutting funding for one of the few tools left to attract private sector investments and create jobs at the local levels.”

The League said eliminating the Brownfield and Historic credits will cost the state revenue and jobs. Currently, Brownfield and Historic credits are not given until a project is completed (unlike other credits that are refundable). When a project is completed, about 75% of the new taxes are received by the state, with the remaining 25% credited back to the developer.

MORE

michigan municipal league

Better Communities.
Better Michigan.

1675 Green Road
PO Box 1487
Ann Arbor, MI 48106-1487

TEL 734.662.3246 800.653.2483
FAX 734.662.8083
WEB www.mml.org

"The math is simple: if a developer is going to lose the 25% tax credit, the state is going to lose the 75% in taxes that would have been generated by the project," Gilmartin said. "In addition, old buildings that are likely currently crumbling and previously developed land that is likely now not being used will stay off the tax rolls. Gutting funds for tax credits that create jobs and generate more tax revenues for the state amounts to economic nonsense."

The League is urging state lawmakers to provide adequate funding for the tax credits before passing the bills.

"The Legislature is breaking its promise to local residents once gain by slashing revenue sharing for public safety, safe drinking water and other essential local services, and now they are piling on by gutting funds for tax credits that are generating jobs and attracting private sector investments in local communities," Gilmartin said. "Unless the House and Senate bills are fixed, state lawmakers will send yet another signal to their constituents that they don't care if Michigan cities lose jobs and investments."

###

About the MML

The Michigan Municipal League advocates on behalf of its member communities in Lansing, Washington D.C., and the courts; provides educational opportunities for elected and appointed municipal officials; and assists municipal leaders in administering services to their communities through League programs and services. For more information, visit www.mml.org.