

## **ECONOMIC DEVELOPMENT INCENTIVES AND ASSISTANCE PROGRAMS**

A variety of economic development incentives and assistance programs are available for redevelopment projects within the City. The City of Holland has been aggressive in providing incentives to encourage expansion, retention and new development within the City.

### **Brownfield Redevelopment**

These incentives are available to sites having environmental contamination above state thresholds or buildings that are determined to be functionally obsolete.

#### **Tax Increment Financing (TIF)**

The City will consider the use of Tax Increment Financing to capture increases in property tax revenues on an eligible property to pay or assist in paying costs of eligible activities through a reimbursement plan agreed to for each project. The Brownfield Authority TIF may capture available property tax revenues from "non-school" taxing jurisdictions and, with State (MDEQ/MEDC) approval of a project work plan, "school" taxing jurisdictions. The TIF is used to reimburse the costs of eligible project activities that are included within the approved Brownfield Plan.

[Learn more](#) about Brownfield Redevelopment TIF.

#### **Single Business Tax (SBT) Credit**

By inclusion within the City's Brownfield Plan, a project becomes eligible for a Single Business Tax Credit; that is, a financial credit against the single business tax that a business may pay. This can be a significant financial incentive for developers and investors of eligible property. Upon application submitted to the State, this Act provides such taxpayers a credit against their SBT liability of up to 10% of eligible investment costs that the taxpayer has incurred to redevelop or expand the eligible

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property, with a \$30 million limit on the total credits that any taxpayer can claim. One SBT credit is allowed per project and will be issued at the completion of the project.

[Learn more](#) about Brownfield Redevelopment SBT.

[Brownfield Application](#) | [Full Brownfield Plan](#)

Brownfield Plan: Fee increase effective January 1, 2023, [\\$1,400](#)

## Industrial Retention & Growth

### **Industrial Facilities Tax Exemption (PA 198)**

The Plant Rehabilitation and Industrial Development Districts Act, commonly known as Act 198, provides significant tax incentives to industries (manufacturing and high technology companies) for the purpose of creating new jobs and maintaining existing jobs. This program allows an obsolete plant, when replaced or restored, to have its assessed value frozen at the level prior to the improvement for a maximum period of twelve years; and new plants, as well as plant improvements, to receive a 50% exemption from property tax on the taxable value of new real estate and personal properties, also for a maximum period of twelve years. It is the responsibility of the City Council to establish plant rehabilitation districts and industrial development districts and to approve the granting of exemption certificates.

[Learn more](#) about PA 198.

[IFT Application](#) | [IFT District Establishment Attachment A](#) | [IFT Guidelines](#) | [IFT Supplemental Questionnaire](#)

### **Act 328**

Michigan Public Act 328 allows certain communities, of which Holland is officially designated, to abate all new personal property taxes in certain geographic areas in order to stimulate economic development. Abatements include all millage, state and local. The act allows all new personal properties installed by an eligible business after local approval to be 100% exempt from personal property taxes for a specified period determined by the City.

After receiving a resolution from the Holland City Council, the Michigan State Tax Commission takes final action on this request for abatement. The City has criteria that must be met in order to qualify for this abatement.

Fee increase effective January 1, 2023, [\\$1,400](#)

### **Michigan Renewable Energy Renaissance Zone (MRERZ)**

The MRERZ was created by the State of Michigan to foster the development of a strong renewable energy industry. Holland currently has one MRERZ and only certain renewable energy businesses are eligible for the incentives within this Zone.

Businesses in an MRERZ do not pay most local property taxes on existing and future

increases in property value during the term of the Zone. An MRERZ is only available through the State of Michigan on a very limited basis; however, the City must support and submit the application.

[Learn more](#) about MRERZ.

### **Michigan Strategic Fund Renaissance Zone (MSFRZ)**

The State of Michigan has created the MSFRZ to stimulate the provision of a substantial number of new jobs and investments. This is an incentive offered through the state on a very limited basis. The City must support and submit the actual application for an MSFRZ and there is currently one such Zone in the City. Businesses in an MSFRZ do not pay most local property taxes on existing and future increases in property value during the term of the Zone.

[Learn more](#) about MSFRZ.

### **Tool & Die Renaissance Recovery Zone (TDRRZ)**

The State of Michigan created the TDRRZ to help stabilize the Tool and Die industry. Qualifying companies must be part of a state-approved Tool and Die Collaborative and be approved by the City for participation in the Zone. Businesses in a TDRRZ do not pay most local property taxes on existing and future increases in property value during the term of the Zone.

## **Neighborhood Enterprise Zone**

The State of Michigan enables certain communities to establish a Neighborhood Enterprise Zone (NEZ) or Zones to spur the development and rehabilitation of residential housing. Within a Zone, properties with NEZ Certificates approved by City Council will essentially have the property taxes frozen for up to 15 years. Certificates for qualified historic buildings can have property taxes frozen for 11 to 17 years. The City will consider a NEZ in order to redevelop underutilized buildings, promote neighborhood revitalization, and encourage owner-occupied housing and new investment.

[Learn more](#) about Neighborhood Enterprise Zone.

[NEZ Application Checklist](#) | [NEZ FAQs](#) | [NEZ Homestead Application](#) | [NEZ Application](#)

Fees increase effective January 1, 2023: Single Family, \$75; Apartments & Condominiums: Ea. Individual Residential Unit, \$75; Maximum Across all Residential Units in a Project, \$3,500 - Application to Establish NEZ Boundaries: \$1,400

## **Downtown Holland**

The MainStreet/DDA seeks to promote improvements that maintain the historical significance and uniqueness of downtown structures. Administered by the MainStreet/DDA, the following incentive programs are offered:

## **Low-Interest Loans**

The Low-Interest Loan Program brings downtown financial institutions together to pool resources and create a fund providing below-market interest rates on loans to owners and tenants to improve the interiors and exteriors of downtown buildings.

## **Design Assistance**

The Design Assistance Program provides up to \$600 of free design services for applicants who wish to consult with an architect or designer before beginning to restore or rehabilitate their property. This program is available to any building owner or tenant (with owner approval) in the Downtown Development Authority district. At least 25% of the space must be used for commercial purposes.

# **Historic Preservation Tax Credits**

## **Federal Tax Credit**

A 20% federal income tax credit is available for depreciable historic resources rehabilitated for commercial, industrial, agricultural, or rental residential purposes. To qualify for the credit, the historic resource must be listed in the National Register of Historic Places either individually or as part of a registered historic district. The National Park Service, the Internal Revenue Service, and the State Historic Preservation Office administer the federal tax credit program.

[Learn more](#) about Federal Historic Tax Credit.

## **Michigan Historic Preservation Tax Credit**

A state income tax credit of up to 25% is available for the qualified rehabilitation of certified historic commercial and residential properties. The State Historic Preservation Office administers the program in partnership with the Michigan Department of Treasury.

[Learn more](#) about the Michigan Historic Tax Credit.

# **Payment in Lieu of Tax (PILOT) for Affordable Housing**

The PILOT program offers nonprofit developers of housing that is financed via the Michigan State Housing Development Authority or the Department of Housing and Urban Development to apply for a Payment in Lieu of Tax per [PA 346 of 1966](#). The amount of the PILOT is negotiated between the developer and the local unit of government and is based on a share of the net rental income derived from the housing development. These payments are distributed on a pro-rata basis to all local taxing jurisdictions.

[Payment In Lieu of Taxes \(PILOT\) Exemption \(PDF\)](#)

Fee increase effective January 1, 2023, \$1,400