

“THE MID” BROWNFIELD CREDIT EXTENSION

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House Bill 4829 as reported from committee

Sponsor: Rep. Abraham Aiyash

Committee: Tax Policy

Complete to 6-21-23

Analysis available at
<http://www.legislature.mi.gov>

SUMMARY:

House Bill 4829 would amend the of the Michigan Business Tax Act, which deals with brownfield tax credits, to extend the time within which a development project in Detroit can be completed and still be eligible, without penalty, for preapproved brownfield tax credits.

Under section 437(10) of the act, if a multiphase project is not completed within 10 years after the date of the taxpayer’s preapproval letter, the taxpayer must pay back to the state an amount equal to all the credits claimed and assigned for all components of the project, and no credits based on that project can be claimed from then on.

Public Act 27 of 2021¹ created an exception so that a qualified taxpayer that was approved for a credit based on a multiphase project by Resolution 2010-219 of the Michigan Economic Growth Authority (MEGA) Board and issued a preapproval letter on June 10, 2011, has until September 14, 2023, to complete that project and claim the credit without penalty.

The bill would extend the deadline for this to December 31, 2026.

BACKGROUND:

Resolution 2010-219 provided a credit to Woodward Offices, LLC, for an eligible property in the city of Detroit on December 14, 2010. Resolution 2020-046² amended the scope of that two-phase project located at 3750 Woodward Avenue. The project, called “The Mid,” is a proposed 3.8-acre mixed use development in Midtown Detroit.³ The developers will need to complete seven stories of a proposed 15-story tower by the deadline.

According to committee testimony, the project has been delayed by the COVID-19 Pandemic and cascading effects that have complicated the developer’s ability to secure financing.

FISCAL IMPACT:

Extending the date by which the qualified taxpayer for the project specified in the bill must complete the project and claim the credit presumably would shift the credit’s impact on general fund revenues to sometime after September 14, 2023 (the current deadline) but before

¹ <http://legislature.mi.gov/doc.aspx?2021-SB-0437>

² https://www.michiganbusiness.org/4a8363/globalassets/documents/msf-board/msf-board-packets/april-special-meeting-packet_web.pdf

³ <https://detroitmi.gov/departments/planning-and-development-department/design-and-development-innovation/community-benefits-ordinance/past-cbo-engagement/mid>

December 31, 2026. In that event, the bill would have no direct impact on general fund revenue since the credits not claimed prior to the current deadline would be claimed in a future year.

However, in absence of the bill, if the credit would not be claimed at all, the state would pay approximately \$10.0 million less in credits than currently anticipated.

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■ This analysis was prepared by nonpartisan House Fiscal Agency staff for use by House members in their deliberations and does not constitute an official statement of legislative intent.