

Developers of brownfield sites can be reimbursed for eligible environmental costs with their own property taxes. When development results in higher property values, local brownfield redevelopment authorities (BRAs) may approve reimbursement from increased property taxes. This is known as tax increment financing (TIF) and is authorized under the Brownfield Redevelopment Financing Act, PA 381 of 1996 (Act 381). Even school taxes can be used toward brownfield redevelopment costs when an Act 381 work plan is approved by the Michigan Department of Environmental Quality (DEQ). TIF can help:

- Revitalize abandoned properties and return them to tax rolls
- Attract developers to brownfields
- Provide a source of repayment for DEQ Brownfield Redevelopment Loans
- Avoid sprawl by reusing properties with existing infrastructure

**WHO CAN USE TIF?** A BRA or developer through a BRA

## ELIGIBLE ACTIVITIES

A property must be contaminated to be eligible for DEQ TIF. If contamination is suspected but not known, DEQ TIF can be used for site investigation. Eligible activities include:

Phase I and Phase II Environmental Site Assessments and Baseline Environmental Assessments (BEAs)\*

Asbestos, mold, and lead surveys, hazardous materials surveys, and pre-demolition surveys\*

### Due Care Activities

- Due care investigation and planning\*
- Documentation of due care compliance\*
- Activities performed to protect human health and the environment, such as removing contaminated soil or installing vapor mitigation systems or exposure barriers

### Response Activities

- Remedial actions
- Demolition under some circumstances
- Lead, mold, or asbestos abatement when there is an imminent and significant threat
- And many more (refer to the [Act 381 Work Plan Guidance](#) for additional eligible environmental activities)

\* *School and local taxes are pre-approved. Pre-approved activities may be conducted prior to adoption of a Brownfield Plan and do not require approval by the MDEQ for the use of school taxes.*

## TIF APPROVAL PROCESS

1. BRA and local unit of government approve the Brownfield Plan. Public notifications and a public hearing are required.
2. If DEQ school TIF approval will be requested, submit draft Act 381 Work Plan to DEQ (optional).
3. BRA or local government submits Act 381 Work Plan to DEQ.
4. DEQ reviews and provides response within 60 days.
5. Local government or BRA administers TIF capture and is subject to reporting requirements.

## HOW BROWNFIELD TIF WORKS

When a contaminated property is redeveloped and the property value increases, the difference between taxes on the base value and taxes on the new value is the tax increment. The tax increment can be reimbursed to a developer or other investor for eligible redevelopment costs. No existing taxes are taken away from a taxing jurisdiction; instead the increment is deferred for the duration of the approved brownfield plan.

## CONTACT US

Ron Smedley, Brownfield Coordinator

[smedleyr@michigan.gov](mailto:smedleyr@michigan.gov)

517-284-5153

[www.michigan.gov/deqbrownfields](http://www.michigan.gov/deqbrownfields)

#mibrownfields

## Tax Increment Financing (TIF)

