



**Economic Development Strategic Plan  
Appendix 4  
Summary of State and Federal Funding Programs**

**City of Sault Ste. Marie Economic Development Corporation**

Final Report

*February 2024*

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## Appendix 4. Summary of State and Federal Funding Programs

Table 1 provides a summary of funding programs and/or incentives made available throughout the State of Michigan along with a program description.

Table 1. Michigan State Incentives

Incentives Programs	Program Details
<b>Federal Government</b>	
General Business Credit	<p>Various business credits are combined into “one general business credit” for purposes of determining each credit’s allowance limitation for the tax year.</p> <p>The current year business credit is a combination of the following credits (2020):</p> <ul style="list-style-type: none"> <li>• Investment credit</li> <li>• Work opportunity credit</li> <li>• Alcohol fuels credit</li> <li>• Research credit</li> <li>• Low-income housing credit</li> <li>• Disabled access credit for certain eligible small businesses</li> <li>• Renewable electricity production credit</li> <li>• Indian employment credit</li> <li>• Orphan drug credit</li> <li>• New markets tax credit, etc.</li> </ul>
Employment Credit	A Work Opportunity Tax Credit (WOTC) is available through 2025 for qualified wages paid to certain types of workers.
Inbound Investment Incentive	The portfolio debt exception enables non-residents and foreign corporations to invest in certain obligations.

Incentives Programs	Program Details
Tax Deductions	Various programs and tax incentives for individuals: <ul style="list-style-type: none"> <li>• Earned Income Tax Credit</li> <li>• Advance Child Tax Credit</li> <li>• Tax Benefits for Education</li> <li>• Energy Tax Incentives</li> <li>• Tax Relief in Disaster Situations</li> </ul>
<b>State Government</b>	
Tax Increment Financing	Legislation combines most tax increment finance authorities in Public Act 57 of 2018, requires certain information be made available publicly and sets requirements for information that must be reported to the Michigan Department of Treasury.
Sales Tax Exemptions	Manufacturing machinery and equipment, pollution control equipment and electricity and natural gas used in production are all exempt from sales tax.
States Education Tax Abatement	The State can rebate half or all of the 6-mill State Education Tax on new investment when the project presents significant economic benefits to Michigan, and when the project receives a property tax abatement under PA 198 of 1974.
<b>Michigan Works! Incentives</b>	
Michigan's Skilled Trades Training Funds (STTF)	Provides competitive awards to employers for training leading to increased employee productivity and increased competitiveness of Michigan businesses

Incentives Programs	Program Details
Going PRO Talent Fund	<p>Awards to employers to assist in training, developing and retaining current and newly hired employees (collaboration between the Department of Labor and Economic Opportunity-Workforce Development (LEO-WD) and Michigan Works! Agencies).</p> <p>Requested amount cannot exceed \$2,000 per person or \$3,500 per U.S. Department of Labor (USDOL).</p>
<b>MDARD Grants &amp; Funding Opportunities</b>	
Agriculture Preservation Fund Grant (NEW 2023)	Grant opportunity to local farmland preservation programs, at the county or township level. Assisting communities to preserve lands by providing funding for permanent conversation easements
County Fairs Capital Improvement Grant	Assisting in the promotion of building improvements or other capital improvements on county fairgrounds within the State
Farm Innovation Grant	Develop and support innovative solutions to real, immediate and future farm problems facing Michigan’s food and agricultural industry
Food and Agriculture Investment Fund Grant	Financial support for food and agriculture projects that help expand food and agriculture processing to enable growth in the industry and Michigan’s economy
Rural Development Fund Grant	Promote the sustainability of land-based industries and support infrastructure that benefit rural communities
Value-Added and Regional Food Systems Grant	Establish, retain, expand, attract or develop value added agricultural processing in Michigan, or that expand or develop regional food systems or access the healthy food

Incentives Programs	Program Details
<b>MEDC Community Incentives &amp; Taxes</b>	
Local Development Financing Act	To encourage local development to prevent conditions of unemployment and promote economic growth; to provide for the establishment of local development finance authorities and to prescribe their powers and duties
Community Development Block Grant	<p>Increase usability, accessibility and seasonality within new or existing community spaces on publicly owned property.</p> <p>Between \$750,000 and \$2,000,000. Eligible Units of General Local Government (UGLG) will be required to provide a minimum of 10% financial match based on the project's total cost.</p>
Michigan Community Revitalization Program (MCRP)	<p>Encourage and promote structural renovations and redevelopment of brownfield and historic preservation sites located in traditional downtowns and high-impact corridors.</p> <ul style="list-style-type: none"> <li>• Not exceed 25% of the eligible investment and in no event shall MSF support exceed a total of \$10,000,000 for any project.</li> </ul> <p>In town less than 15,000, the amount shall not exceed 50% of the eligible investment, \$10,000,000 for any project</p>
Match on Main	<p>Match on Main is a reimbursement grant program that serves to support new or expanding place-based businesses by providing up to \$25,000 in funding to support eligible activities.</p> <p>Applicants are municipalities, downtown development authorities, or other downtown management, business support, or community development organizations located in essentials or certified Redevelopment Ready Communities® or select or master Michigan Main Street Communities.</p>

Incentives Programs	Program Details
<b>MEDC Business Incentives &amp; Taxes</b>	
21 <sup>st</sup> Century Jobs Fund	<ul style="list-style-type: none"> <li>• Pure Michigan (\$35M): Provide stable funding for Pure Michigan tourism marketing.</li> <li>• Business Development and Community Revitalization (\$23.6M): Incentive programs were adopted to replace the MEGA and Brownfield tax credits.</li> <li>• Entrepreneurship Eco-System (\$16.4M): Category of grants provides capital access for small businesses and entrepreneurial services for all Michigan businesses</li> </ul>
Border County Incentives	<p>Businesses located in one of 14 counties that border another state or Canada (SSM is included) may receive full or partial abatements through a partnership between the State of Michigan and local municipalities.</p> <p>Eligible businesses may receive up to a 100% abatement of business personal property taxes. New warehousing, distribution, and logistic facilities can qualify for up to a 50% reduction in real property taxes for up to 12 years.</p>
Good Jobs for Michigan Program	<p>Program which allows businesses to retain up to 100% of new employees withholding taxes for a period up to 10 years.</p> <ul style="list-style-type: none"> <li>• Companies that create a minimum of 500 jobs and pay at least 100% of the average regional wage are eligible to retain 50% of qualifying employee withholding taxes for a period of 5 years</li> <li>• Companies that create a minimum of 3,000 jobs and pay at least 100% of the average regional wage are eligible to retain 100% of qualifying employee withholding taxes for a period of 10 years</li> </ul> <p>Companies that create a minimum of 250 jobs and pay at least 125% of the average regional wage are eligible to retain 100% of qualifying employee withholding taxes for a period of 10 years.</p>

Incentives Programs	Program Details
Michigan Business Growth Fund Loan	Participate with lenders to finance projects when faced with borrowers whose projected cash flows are considered speculative by the lender or in instances in which the lender is seeking a non-competitive participant due to a legal lending limit or portfolio concentration concern.
Taxable Bond Financing	Provide small and medium-sized companies with access to public capital markets normally available to larger companies. The principal advantage of using taxable bonding financing is access to long-term (10-20 years), fixed-rate or variable rate financing.
Economic Gardening Program	Provide significant sophisticated technical research assistance to qualified second-stage companies with the intent and capacity to grow their business. All costs are covered by the MEDC.
Michigan's State Trade Expansion Program (MI-STEP)	<p>International Trade team offers financial assistance for exporting activities to eligible Michigan small businesses.</p> <p>Up to \$15,000 in assistance is available to offset 75% of pre-approved expenses per fiscal year.</p>
Capital Access Programs	Several programs that can help small business throughout Michigan receive loans from banks and lending institutions to help their businesses grow and succeed
Small Business Credit Initiative (SBCI)	<p>Michigan deployed the first round of State SBCI 2.0 funding. Up to \$72M will be available to support loans to small businesses through MEDC's Access to Capital Programs.</p> <p>Within the next 60 days, funding will also be available for loans of \$250,000 or less for small businesses, with a focus on businesses owned by socially and economically disadvantaged individuals or businesses.</p>



Incentives Programs	Program Details
Michigan Business Development Program (MBDP)	<p>Provides performance-based grants, low interest loans and other assistance to support business attraction and expansion projects that involve capital investment and/or new job creation.</p> <p>Eligible businesses that create qualified new jobs (minimum of 25 in rural areas) and/or make qualified new investment in Michigan.</p> <p>Not less than 75% of employees are residents of Michigan.</p>
Critical Industry Program (CIP)	<p>Providing qualified investments to qualified businesses for deal-closing, gap financing, or other economic assistance to create or retain qualified jobs as a result of a technological shift in product or production or make capital investments, or both, in Michigan</p>
Strategic Site Readiness Program (SSRP)	<p>Financial Incentive to eligible applicants on, or related to, strategic sites and mega-strategic sites in Michigan, for the purpose of creating investment-ready sites to attract and promote investment in Michigan</p>
Jobs Ready Michigan	<p>Meeting the talent needs of companies that are expanding or relocating to Michigan</p> <ul style="list-style-type: none"> <li>• Employment recruitment expenses</li> <li>• Development of customized training development plans</li> <li>• Instructor and training material costs</li> <li>• Purchase of equipment related to training</li> <li>• Construction of training facilities</li> <li>• On-the-job training costs</li> </ul>
State Essential Services Assessment (SESA) Exemption and	<p>Required for manufacturers that do not pay personal property tax on eligible manufacturing personal property.</p> <ul style="list-style-type: none"> <li>• SESA Exemption (100% for a period of years up to 15 years)</li> </ul>



Incentives Programs	Program Details
Alternative State Essential Services Incentive Programs	<ul style="list-style-type: none"> <li>Alternative SESA (50% exemption for a period of years up to 15 years)</li> </ul>
Industrial Property Tax Abatement (PA 198 of 1974)	<p>Provide incentives for eligible businesses to make new investments in Michigan.</p> <p>Real and Non-Industrial Personal Property ITF Treatment: Reduction in property taxes of approximately 50%. In addition, the 6-mill SET may be abated 100%, 50% or not at all.</p> <p>Rehabilitation of Real or Personal Property ITF Treatment: 100% exemption from property tax on the value of the improvements.</p> <p>Speculative Building ITF Treatment: Reduction of 50%.</p> <p>Commercial Personal Property Tax Relief: Reduction of 12 mills for local schools on their property tax bill.</p> <p>Extension Under Personal Property Tax Reform: Personal Property Tax exemption will automatically continue to be abated.</p>
Individual Income Tax	4.25% tax rate
Sales Taxes	6% on sales of tangible goods, no local sales taxes are allowed
Unemployment Insurance	Payment on first \$9,500 of wages paid to each worker in a calendar year
Workers' Compensation	Michigan businesses can play a significant role in containing or reducing their WC costs

Incentives Programs	Program Details
Obsolete Property Rehabilitation Act	Property Tax exemptions for commercial and commercial housing properties that are rehabilitated and meet the requirements of the Act.
Brownfield Tax Increment Financing	Brownfields are defined as properties that are contaminated (facility), blighted, functionally obsolete or are historic properties. (sometimes works with MEDC or EGLE)
MSHDA Housing Tax Increment Financing (TIF) Program	<p>The TIF program allows tax revenues captured through local brownfield redevelopment authorities to fund affordable housing costs. This program gives the Michigan State Housing Development Authority (MSHDA) oversight of work plans or combined brownfield plans if the development includes housing to be rented or sold below market rate or subsidized.</p> <p>Housing property for which eligible activities are identified under a brownfield plan, including personal property located on the property, to the extent included in the brownfield plan, include:</p> <ul style="list-style-type: none"> <li>• A property on which one or more units of residential housing are proposed to be constructed, rehabilitated, or otherwise designed to be used as a dwelling; or</li> <li>• One or more units of residential housing proposed to be constructed or rehabilitated and located in a mixed-use project</li> </ul>
<b>Clean Energy Programs<sup>1</sup></b>	
Michigan Saves – Home Energy Loan Program	\$30,000

<sup>1</sup> <https://www.ecowatch.com/solar/incentives/mi/sault-ste-marie>

Incentives Programs	Program Details
Energy Optimization (Electric) Residential Efficiency Program	<ul style="list-style-type: none"> <li>• Appliance Recycling (\$15 to \$50)</li> <li>• HVAC (\$75 to \$750)</li> <li>• Energy STAR Products (\$5 to \$75)</li> </ul>
Federal Residential Renewable Energy Tax Credit	<p>30% federal tax credit for systems placed after 12/31/2021 and before 01/01/2033</p> <p>Include:</p> <ul style="list-style-type: none"> <li>• Solar water heat</li> <li>• Solar photovoltaics</li> <li>• Biomass</li> <li>• Geothermal heat pumps</li> <li>• Wind</li> <li>• Fuel cells</li> </ul>