



cityofnovi.org

CITY of NOVI CITY COUNCIL

Agenda Item 1
July 12, 2010

SUBJECT: Consideration of the request to designate a Tool & Die Recovery Zone with eight year tax abatement for Ecco Tool (42525 W. Eleven Mile Road)

SUBMITTING DEPARTMENT: Neighborhood & Business Relations / Economic Development

CITY MANAGER APPROVAL:

BACKGROUND INFORMATION:

State legislation created the Tool and Die Renaissance Recovery Zone Act with the intent of encouraging collaboration among tool and die companies to strengthen them and help them retain existing jobs. The Recovery Zone allows tax relief to eligible tool and die businesses for up to 15 years on those taxes that the business would normally pay on an annual basis.

Mr. Floyd Peterson, Owner of **Ecco Tool Co.** (42525 W. Eleven Mile Road) has expressed their desire to pursue one of the remaining Recovery Zones in collaboration with a group of other tool and die companies from around the State of Michigan. They currently employ seven people and have been in business (in Novi) since 1955.

This consortium would allow Ecco Tool to strategically market in one of the five targeted industries outlined in the program (Aerospace).

The Michigan Renaissance Zone Act (PA 376 of 1996) was amended in 2003 to add a new type of renaissance zone in order to help Michigan's tool and die companies survive in the face of global competition. Tool & Die Recovery Zones are not geographic in nature but are based on collaborative agreements between tool and die companies. The program was adopted to assist the tool and die industry in the state by making companies tax free if they were willing and agreed to collaborate with other tool and die companies. A key component of legislation is the collaborative agreement between the companies.

A Recovery Zone can have a maximum duration of 15 years. In order for Ecco Tool Co. to be eligible for zone designation, the local municipality must first authorize a resolution that consents to the creation of the zone where the respective company's parcel of property is located. If a resolution was passed, Ecco Tool would then need to work directly with other members in the coalition to complete a formal application to be submitted to the State of Michigan.

Taxes that companies located in a Recovery Zone do not pay: Michigan Business Taxes, State Education Taxes, Personal and Real Property Taxes. Taxes can be abated up to 15 years (a minimum of 5 would have to be granted by City Council). *The school taxes would be made whole by reimbursement from the State of*

Michigan. The **tax relief would be phased out in 25% increments over the last three years** of the zone designation.

Ecco Tool is looking to utilize this tax relief for the purpose of reinvesting into his company and purchasing new equipment so that the company can compete for new work in the Aerospace industry. Ecco Tool has the ability to join 17 other small companies from around our state to increase their buying power and find new business, both existing and in some of the new and expanding fields.

Staffs recommends **eight years of tax abatement** with the understanding that Council may increase or decrease the number of years. (Minimum is 5 years, the maximum is 15 years.) the abatement will allow Ecco Tool the ability to utilize the savings towards the purchase of new equipment.

RECOMMENDED ACTION: Consideration of the request to designate a Tool & Die Recovery Zone with eight year tax abatement for Ecco Tool (42525 W. Eleven Mile Road)

	1	2	Y	N
Mayor Landry				
Mayor Pro Tem Gatt				
Council Member Crawford				
Council Member Fischer				

	1	2	Y	N
Council Member Margolis				
Council Member Mutch				
Council Member Staudt				

**CITY OF NOVI
COUNTY OF OAKLAND, MICHIGAN**

**RESOLUTION CONSENTING TO DESIGNATION OF
TOOL AND DIE RENAISSANCE RECOVERY ZONE
(ECCO TOOL)**

Minutes of a _____ Meeting of the City Council of the City of Novi, County of Oakland, Michigan, held in the City Hall in said City on _____, 2010, at 7:00 o'clock P.M., Prevailing Eastern Time.

PRESENT: Councilmembers _____

ABSENT: Councilmembers _____

The following preamble and Resolution were offered by Councilmember _____ and supported by Councilmember _____.

WHEREAS, the City of Novi desires to promote economic activity and to maintain or increase the number of jobs available to residents of the area; and

WHEREAS, certain industries in the state are facing difficult times, and the tool and die industry, in particular, has sustained losses due to foreign competition and increased foreign productivity; and

WHEREAS, the purpose of designating a Tool and Die Renaissance Recovery Zone ("Recovery Zone") under the Michigan Renaissance Zone Act, 1996 PA 376, as amended (the "Act") is to temporarily reduce the amount of taxes paid by the affected business, enabling it to use the opportunity of reduced operation costs to reposition itself to compete globally; and

WHEREAS, Ecco Tool, Inc. has entered into a collaborative agreement with other business entities having the North American Industry Classification System codes required under Section 8d of the Act entitling them to seek designation as a Recovery Zone under the Act; , and

WHEREAS, the proposed Recovery Zone will consist entirely of qualified tool and die business property, defined in the Act as property leased or owned by a tool and die business and used primarily for tool and die operations; and

WHEREAS, should the area be designated a Recovery Zone, qualified tool and die business property within that Zone, including ECCO Tool, will be exempt from taxes levied by the city, county, and other units of government as provided under the Act; and

WHEREAS, the City of Novi anticipates that the tax revenue lost, which is estimated on the attached schedule, would be less than the benefits the designation of a Recovery Zone will bring the community.

NOW, THEREFORE, BE IT RESOLVED, that the City of Novi consents to the designation by the Michigan Strategic Fund Board, as authorized under Section 8d of the Act, of a Tool and Die Renaissance Recovery Zone for Ecco Tool Inc., 42525W. Eleven Mile Road, Novi, MI 48375, for Parcel Nos. 50-22-23-226-007 and 50-22-23-126-011 and U-99-00-000-212, for a period of eight years, from 2011 to 2019.

AYES:

NAYS:

ABSTENTIONS:

ABSENT:

RESOLUTION DECLARED ADOPTED.

MARYANNE CORNELIUS, CITY CLERK

CERTIFICATION

I hereby certify that the foregoing is a true and complete copy of a Resolution adopted by the City Council of the City of Novi at _____ meeting held this _____ day of _____, 2010.

MARYANNE CORNELIUS, CITY CLERK

MEMORANDUM



TO: CLAY J. PEARSON, CITY MANAGER
FROM: ARA TOPOUZIAN, ECONOMIC DEVELOPMENT DIRECTOR
SUBJECT: TOOL & DIE ZONE - ECCO TOOL
DATE: JUNE 10, 2010

6/10/10
To Mayor & City
Council Members

Request for Tool & die zone abatement
help for long-standing Novi company.

May make sense to entertain as a small (\$10K/year)

I was recently approached by Floyd Peterson, owner of **Ecco Tool** on 42525 W. Eleven Mile Road to discuss the possibilities of his company/parcel property being declared a **Tool & Die Recovery Zone**. Mr. Peterson's business has been in Novi since 1955 and he is looking to participate in this state program that would allow him to join a consortium of other tool & die manufacturers from around the State. This consortium would allow Ecco Tool to strategically market in one of the five targeted industries outlined in the program (Aerospace).

property for
abatement
that could
generate +
P.R. and help
transition the
company.

The Tool & Die Recovery Zone was set up to help save one of the hardest hit business sectors of our economy, the tool and die sector of the manufacturing industry. This zone part of the Michigan Renaissance Zone Program (PA 376 of 1996) and the duration of this Recovery Zone would be a **maximum of 15 years**. In order for Ecco Tool to be eligible for this zone, a local municipality must first authorize a resolution that consents creation of the zone where the respective company's parcel of property is located. If a resolution was passed, Ecco Tool would then need to work directly with the State of Michigan and complete a formal application.

Companies located in a Recovery Zone would be eligible for an exemption, deduction or credit on the following taxes: Michigan Business Taxes, State Education Taxes, Personal and Real Property Taxes. Taxes can be abated up to 15 years (a minimum of 5 would have to be granted by City Council). The school taxes would be made whole by reimbursement from the State of Michigan. The **tax relief would be phased out in 25% increments over the last three years** of the zone designation.

Ecco Tool is looking to utilize this tax relief for the purpose of reinvesting into his company and purchase new equipment so that the company can compete for new work in the Aerospace industry. Ecco Tool would have the ability to join 17 other small companies from around our state to increase their buying power and find new business, both existing and in some of the new and expanding fields.

Ecco Tool currently employees seven people and his property sits on 4 acres of land in an 8,000 sf building. Mr. Peterson would need to complete his application with the State of Michigan by the end of this July and therefore; I am requesting that this discussion occur with City Council at the July 12th meeting.

Attached is complete information pertaining to background information concerning a Tool & Die Recovery Zone along with information pertaining to Ecco Tool.

Attachments: Letter from Ecco Tool
Spreadsheet example of real/personal property taxes
Fact sheet on Tool & Die Recovery Zone

c: Glenn Lemmon, City Assessor
Bev Valente, Treasury
Rick Kugler, Assessing



Background From ECCO Tool

(248) 349-0840 FAX: (248) 349-7699

TOOL CO., INC.

42525 W. Eleven Mile Rd., Novi, Michigan 48375-1701

ECCO Tool wants to participate in a program created by the State of Michigan and administered by the Michigan Economic Development Corporation and the Michigan Strategic Fund called the Michigan Tool and Die Renaissance Recovery Zones Program. The program permits tool and die businesses to receive tax relief (from property taxes and the Michigan business tax) if a group of companies forms a collaborative and together applies for a tool and die renaissance recovery zone.

The program was set up to help save one of the hardest hit sectors of the Michigan economy, the tool and die sector of the manufacturing industry. The companies who participate are not only expected to receive financial relief from the reduction of taxes but are also expected to take advantage of working with the other companies in the collaborative. The companies are not expected to just survive but also grow.

The first step in the process of obtaining tax relief and the benefits of the collaborative is to secure local taxing jurisdiction approval.

History of ECCO Tool

In 1955, one year after the village of Novi hired its first police officer Lee BeGrole, ECCO Tool opened its doors on the grounds of what is now the Wendy's on Novi Rd. My dad Elmer and his good friend Charlie rented 200 square feet from the Bailey's shoe store. The company name came from the first letter of each of their names with 'CO' for company added at the end. At that time they were called ECCO Tool and Die Company.

Two years later Charlie left the company because he could no longer take the long hours that it took to keep a young company going. Elmer incorporated ECCO in 1957 and dropped the word Die from the name. By 1959, the area in Bailey's shoe store was too small. Elmer found a building on Grand River near Meadowbrook that was for rent by the Putman family. This shop was located across the road from where the Sullivan Funeral Home stands today.

By 1961 this building was also too small so the Putman family doubled the size for ECCO Tool. This is about the same time that my dad started taking my brother and I to work with him on Saturdays and during the summers. We knew where every broom, dustpan and wastebasket was located.

In 1967, as business continued to grow, ECCO Tool needed a larger building. Even in the uncertain times of that summer, Elmer decided to invest in this little village. He bought 6 acres of farmland on 1 1/2 mile Rd. between Meadowbrook and Novi Rd. In 1969, the year the City of Novi was incorporated, ECCO Tool built the 8,000 square foot building we are in today. In the early 1980's strapped for cash, during an economic turn down, ECCO had to sell two acres to meet its obligations.

In 1970, the day after I graduated from high school, I started working full time for ECCO Tool. Today 3 of my 4 children have chosen careers with ECCO Tool. My son Jeff has worked for me 16 years, one of my daughters has been with me for three years and another daughter for 2 1/2 years. Our people are highly skilled. The employees working in manufacturing have an average of 22 years experience with ECCO Tool.

Business of ECCO Tool

ECCO Tool makes cutting tools for its customers all across the United States. We make the tooling that makes parts that are mass-produced on machines called automatic screw machines. Most of our



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TOOL CO., INC.

42525 W. Eleven Mile Rd., Novi, Michigan 48375-1701

current customers are automotive related. Our largest customer is in the business of making fittings, such as, the fittings that you would see at the gas pump that attaches the hose to the handle. They also supply the farming industry. Another one of our customers makes the steel parts of the spark plug that is in your car, lawn mower or just about anything else that uses a spark plug. In the future we hope to target customers in the locomotive, aerospace, and medical device fields.

ECCO Tool needs the financial benefits of tax relief and the collaboration benefits not only to survive in one of the hardest hit industries in Michigan but to be able to diversify into industries other than automotive (to both survive and grow).

I want ECCO Tool to survive for my family and long-term employees who worked so hard for ECCO Tool.

ECCO Tool has stayed competitive over the last couple of years because of two state-of-the-art machines that it purchased. These machines are called wire electrical discharge machines. They cost in the neighborhood of between \$100,000 and \$150,000 each. To remain competitive, survive, and grow ECCO Tool needs to buy another one of these machines. } | *

Tool and Die Businesses Collaborative

The Michigan Tool and Die Renaissance Recovery Zones Program requires that a group of companies seeking relief under the program must be classified under specific North American Industry Classification System (NAICS) codes (all related to the tool and die business) and enter into a collaborative agreement (to be approved by the Michigan Strategic Fund) with the purpose of seeking synergistic opportunities among the companies.

The agreement must describe benefits to be derived from elements of collaboration including sales and marketing efforts, standardization of processes, development of tooling standards, standardization of project management, and integration of specialized or small niche shops. In addition, the agreement has to address the group's diversification into specific target industries (medical devices, alternative energy technologies, defense/homeland security, electrified vehicles, and commercial aerospace).

ECCO Tool is currently working with 17 companies to form a collaborative and develop a collaborative agreement. The companies are, generally, from the greater Southeast Michigan area. However, there is some geographical diversity with companies from Davison, Temperance, Saginaw, and Grand Rapids participating.))

The group includes small companies like ECCO Tool (7 employees) and larger companies with over 100 employees. Although all the companies operate in the tool and die industry, there is significant diversity among the companies regarding customers served, industries, and specific tool and die products produced. ✓

Each of the companies is currently working with their local jurisdictions to obtain approval. Meanwhile, we are meeting to begin the process to create a collaborative agreement that must be completed by the application due date of September 27, 2010.



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TOOL CO., INC.

42525 W. Eleven Mile Rd., Novi, Michigan 48375-1701

We are working with Butzel Long, a law firm, and O'Riley Consulting, a consultant, who have helped more than 100 companies in Michigan gain entry into the program.

Our collaborative expects to gain the same competitive advantages of the existing collaborative throughout the state, such as: 1) joint sales and marketing efforts to reduce costs and increase effectiveness; 2) joint bidding on large complex customer projects to utilize the specific expertise of members of the collaborative; 3) group purchasing of supplies, materials, and services to reduce costs; 4) creation of industry diversification and industry quality certifications for the group by tapping expertise among the group; 5) development of more cost efficient lean manufacturing processes and project management; 6) efficient uses resources for training employees; 7) sharing of resources (employees, machines, and facilities); and 8) maintaining a more state of the art competitiveness.

The program requires that the companies collaborate and are examined each year to insure compliance by the staff of the Michigan Strategic Fund. The collaborative will form a limited liability company that will provide governance and operating structure for the collaborative. We will have a name, a logo, a website, officers, and a board of directors.

Obviously, the tax relief provided by the program will also provide needed financial resources for new machines, maintenance of the workforce, and the survival of the company. If accepted into the program ECCO Tool would receive relief from personal and real property taxes and the Michigan business tax. It would continue to pay any debt millage.

At this point the collaborative is just being formed. We will be working over the summer to create our collaborative agreement and provide the other data and information that is required for the tool and die renaissance recovery zone application due September 27, 2010. The application is a 500 plus page document of accumulated information from as many as 17 companies. //

If the City of Novi approves ECCO Tools' request, it must grant a minimum of 5 years of tax relief but can grant up to 15 years of tax relief. In the last three years of any relief period the tax relief is phased-out 25% per year. Extensions of the relief period can be granted. * 2

The first deadline we need to meet is to have a resolution from our local community as soon as possible (hopefully before July). We need the resolution as soon as possible so we know which companies are in the collaborative and prepared to negotiate the collaborative. As you can imagine, it will take a couple of months for the companies to become familiar with each other and develop a working collaborative agreement.

ECCO Tool feels that we desperately need your help in this matter. Without your support we do not feel that we can go forward. We need the tax break to reinvest in our company and in so doing reinvest in our community. We must retain our best assets, our highly skilled employees, obtain new equipment, and add to our customer base. I feel that the best way to obtain these is to join in the Tool and Die Renaissance Recovery Zones Program.

Sincerely,

6-3-2010

Elysd Peterson
President

Real Property taxes

Real Property parcel number 50-22-23-226-007 and 50-22-23-126-011					
Taxing Entity	2009 tax liability	Reimbursed by State	Continued tax liability	Taxes Impacted	City of Novi
City of Novi	\$3,361.82			\$3,361.82	\$3,361.82
County General	\$1,336.22			\$1,336.22	
County Parks	\$77.01			\$77.01	
H.C.M.A. Oakland County	\$68.43			\$68.43	
ISD Allocated	\$63.87	\$63.87			
ISD Voted	\$1,010.52	\$1,010.52			
Zoo Authority	\$31.89			\$31.89	
Oakland Community College	\$505.27	\$505.27			
State Education	\$1,913.46	\$1,913.46			
School Operating	\$5,740.38	\$5,740.38			
Sch Sinking fund	\$157.26			\$157.26	
Sch Supplemental	\$312.50			\$312.50	
School Debt	\$1,996.36		\$1,996.36		
TOTALS:	\$16,574.99	\$9,233.50	\$1,996.36	\$5,345.13	

Personal Property- U-99-00-000-212					
Taxing Entity	2009 tax liability	Reimbursed by State	Continued tax liability	Taxes Impacted	City of Novi
City of Novi	\$1,277.53			\$1,277.53	\$1,277.53
County General	\$507.78			\$507.78	
County Parks	\$29.26			\$29.26	
H.C.M.A. Oakland County	\$26.00			\$26.00	
ISD Allocated	\$24.27	\$24.27			
ISD Voted	\$384.01	\$384.01			
Zoo Authority	\$12.11			\$12.11	
Oakland Community College	\$192.01	\$192.01			
State Education	\$0.00	\$0.00			
School Operating	\$0.00	\$0.00			
Sch Sinking fund	\$59.76			\$59.76	
Sch Supplemental	\$439.52			\$439.52	
School Debt	\$758.64		\$758.64		
TOTALS:	\$3,710.89	\$600.29	\$758.64	\$2,351.96	

\$4,639.35

this column: taxes reimbursed by the State of Michigan General Fund	this Column: Taxes company will continue to pay	this Column: Taxes not paid by company, nor reimbursed by State	Taxes not collected by the city of
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TOOL & DIE RECOVERY ZONES MICHIGAN RENAISSANCE ZONE PROGRAM

The Michigan Renaissance Zone Act, P.A. 376 of 1996 (MCL 125.2681 et seq) was amended to allow the Michigan Strategic Fund (MSF) Board to designate up to 35 tool and die renaissance recovery zones ("Recovery Zone"). A Recovery Zone shall have a duration of a renaissance zone status for a period of not less than five years and not more than 15 years as determined by the board of the Michigan Strategic Fund.

To receive consideration for a Recovery Zone designation, businesses must meet the following requirements:

- Obtain an authorizing resolution of support from the local governmental unit where the respective company's parcel of property is located that consents to the creation of a Recovery Zone within their boundaries. The resolution must include the number of years that the city, township or village is willing to forego taxes;
- Lease or own the parcel of property that is to be included in the proposed Recovery Zone;
- Use the property primarily for tool and die business operations: 75% or more of the gross revenue generated from tool and die operations that take place on the business property at the time of designation;
- Have fewer than 75 full-time employees; *or*
- Companies with 75 or more full-time employees are required to enter into a written agreement with the MSF and local unit of government where parcel is located;
- Be classified as one of the following North American Industry Classification System (NAICS) codes:
 - ▷ 333511 Industrial Mold Manufacturing
 - ▷ 333512 Machine Tool (Metal Cutting Types) Manufacturing
 - ▷ 333513 Machine Tool (Metal Forming Types) Manufacturing
 - ▷ 333514 Special Die and Tool, Die Set, Jig, and Fixture Manufacturing
 - ▷ 333515 Cutting Tool and Machine Tool Accessory Manufacturing
 - ▷ 332997 Industrial Pattern Manufacturing
- Participate in a written collaborative agreement with other tool and die businesses;
- Have a collaborative agreement that demonstrates synergistic opportunities among the companies and must include, but is not limited to, all of the following elements:
 1. Sales and marketing efforts
 2. Development of standardized processes
 3. Development of tooling standards
 4. Standardized project management methods
 5. Improved ability for specialized or small niche shops to develop expertise and compete successfully on larger programs.
 6. Strategic focus to any of the following target industries:
 - Medical Devices**
 - Collaborators will be focused on making and improving parts and machining required for medical devices.
 - Collaborators will provide a clear plan of particular focus within medical devices.
 - Qualifying plans should already be established or the collaborators should demonstrate how working together can improve their qualifying systems and part making as a whole to land business together and individually.
 - Alternative Energy Technologies**
 - Collaborators should show their focus on offering new parts to primes and Tier 1 and Tier 2 suppliers, as well as potentially offering machinery design and build.
 - Collaborators should demonstrate how working together will show improved ways of designing machinery and parts for growing alternative energy markets and offer this improved design as a value proposition in competing for contracts.
 - Defense/Homeland Security**
 - Collaborators must have CAGE codes and exhibit a level of knowledge and success in previous government bids.

- Collaborators should be able to demonstrate that by working on bids together, there is a higher likelihood of landing contracts of higher total value than companies bidding on their own.

Electrified Vehicles

- Collaborators will be focused on developing and manufacturing materials and components to be used in electrified vehicles and/or energy storage systems for the power grid.
- Collaborators should demonstrate that there will be efficiency and increased success by collaborating in order to land new business and develop a supply chain centered in Michigan.
- Collaborators should be able to exhibit some level of knowledge in competing for business within the electrified vehicle or grid storage spaces.

Commercial Aerospace

- Collaborators should be focused on offering new and replacement parts to primes and Tier 1 and Tier 2 suppliers.
- Collaborators must have or be currently working towards AS9100 certification.
- Collaborators should demonstrate that there will be efficiency and increased success in common marketing and sales outreach to primes and Tier 1 and Tier 2 suppliers through this collaboration.

The agreement must demonstrate that it will provide its participants enhanced economic effectiveness with respect to each of the elements included in the collaborative agreement.

To apply for consideration for a new Tool and Die Recovery Zone designation, there is an annual competitive process. The deadline date to submit applications is in September each year. There must be a minimum of four companies participating in a collaborative agreement. The maximum number of companies participating in a collaborative is 20.

For companies being allowed to join an existing Recovery Zone, a separate application for this situation must be submitted by the Recovery Zone on behalf of the company joining. A company being allowed to join

still must meet all the requirements in the law and all collaborative members must consent to a new company becoming a member. Applications for this circumstance will be accepted on an ongoing basis until October each year. Recovery Zone designation would become effective the year after designation. The company would have a limited duration time that could not exceed the Recovery Zone's original maximum allowable 15 year duration. A list of Recovery Zone contact individuals is on the Michigan Economic Development CorporationSM (MEDC) web site.

Companies must be current with all state and local taxes in order to be eligible for benefits under the program.

Companies located in a Recovery Zone are eligible for an exemption, deduction or credit on the following taxes: Michigan Business Tax (MBT), state education tax, personal and real property taxes, and local income tax where applicable. Taxes still due are those mandated by the federal government, local bond obligations, school sinking fund or special assessments. Companies are not exempt from paying Michigan sales tax.

The state of Michigan reimburses intermediate school districts, local school districts, community college districts and public libraries where taxes are abated. The state of Michigan does not replace the tax revenue lost to the local unit of government or other taxing jurisdictions except those listed in the preceding sentence.

Companies must still file annual Michigan Business Tax (MBT) returns and city income tax returns if applicable. Companies must still file an annual Personal Property Statement. Failure to submit these tax forms will result in delinquency and a business can be denied benefits of the program for failing to file the proper annual tax forms.

Taxes can be abated up to 15 years. In all cases, the tax relief will be phased out in 25% increments over the last three years of the zone designation.

For answers to questions regarding NAICS codes, visit the U.S. Census web site: www.census.gov/eos/www/naics/faqs/faqs.html.

For more information, contact the MEDC Customer Assistance Center at 517.373.9808.

Michigan Tool & Die Renaissance Recovery Zone Program Frequently Asked Questions (FAQs)

If your question isn't listed, send an email to RenZoneProgram@michigan.org.

1. Q. Who can submit an application for a Recovery Zone and what information is needed?

A. All items in the Recovery Zone Application must be completed and submitted for the collaborative. There must be one key contact person listed to serve as the liaison between the MEDC and the eligible companies applying for a Recovery Zone designation. If there are any questions regarding the application, the contact person will be phoned or e-mailed for clarification. In addition, a local governmental unit, local economic development agency, or consultant can submit an application on behalf of a collaborative. Companies that are applying for a Recovery Zone designation, as well as any companies that are participating in the collaborative agreement, but are not eligible for a Recovery Zone designation, need to be listed on Form A.

2. Q. What else is required besides the application to be considered for designation as a Recovery Zone?

A. A resolution adopted by the city, township, or village board consenting to a Recovery Zone within its boundaries and the number of years (up to 15) they agree to waive taxes of the company.

3. Q. How should I begin the process to apply for a Recovery Zone because I don't know where to start?

A – 1. Determine if you meet all the requirements in Section 8d of the Michigan Renaissance Zone Act (the "Act"), 1996 PA 376, as amended, to be eligible to apply for a Recovery Zone designation.

A – 2. Determine the companies with which you want to form a collaborative agreement. Choose companies that are compatible to your company and will add value to the entire group. Choose companies that make sense for you to collaborate with instead of letting any company interested become involved for the sake of tax relief alone. Understand that forming a new collaborative takes a lot of time and effort by each company. You want to collaborate with companies that are sincere about their ongoing involvement in improving their business operations.

A – 3. If you meet all the requirements to be eligible to apply, you should approach your city, township, or village (where the parcel of property is located that may potentially be designated as a Recovery Zone) to see if they are willing to forego taxes and will provide a resolution approving a specific number of years (up to 15) for a Recovery Zone designation within their boundaries.

4. Q. Does there have to be a public hearing?

A. No. There is no state law requirement that there must be a public hearing in order to obtain a resolution from a local unit of government for a Recovery Zone. Some local units of government may be required by local law or may elect to hold a public hearing to inform the community of the pending resolution to allow your company/parcel or property to be designated as a Recovery Zone.

5. Q. Does the County have to provide a resolution?

A. No, the county has no involvement in approving a Recovery Zone designation.

6. Q. My parcel of property is located in both the village and township. Do I have to have resolutions from both the village and township?

A. No. You only must have a resolution from the village; however, the village may, at its discretion, require a resolution from the township.

7. Q. My company has an address in a village, but part of our building is in a township and we get two different tax bills – one from the township and one from the village. Do I need to get two separate resolutions (one from the township and one from the village)?

A. Yes.

8. Q. Why do I have to have a resolution from the local unit of government?

A. The Act requires that before the Michigan Strategic Fund (“MSF”) Board may designate a Recovery Zone, the local governmental unit where the company’s parcel of property is located must consent to the Recovery Zone designation. A city, township, or village must be willing to waive existing taxes for a specific number of years.

9. Q. Can local units of government prevent parcels of property from being designated as a Recovery Zone?

A. Yes. Local units of government may choose not to consent to the creation of a Recovery Zone within their boundaries. An application will not be processed unless it is accompanied by a resolution from the local unit of government agreeing to waive taxes.

10. Q. Does the state reimburse my local community for any taxes it waives?

A. The Michigan Department of Treasury makes reimbursements to intermediate school districts, local school districts, community college districts, and public libraries. However, the State of Michigan does not replace the tax revenue lost to other taxing units.

REMINDER: Even if your local unit of government consents to a Recovery Zone being designated within its boundaries and agrees to waive your taxes for a certain number of years, it does not mean that you will be approved for a Recovery Zone.

11. Q. Do you keep a list of companies that want to find other companies to collaborate?

A. No. The MEDC does not keep a list of companies that are interested in finding other companies with which to collaborate. We are not involved in the coordination of bringing companies together to form a collaborative agreement. We suggest that you contact a resource, such as your local economic developer, for assistance. You may also want to contact a trade association or an existing collaborative/Recovery Zone for guidance.

12. Q. What is a qualified collaborative agreement?

A. An agreement that demonstrates synergistic opportunities (among the participating companies) through each of the elements in the collaborative agreement, which must include, but are not limited to, all of the following:

- Sales and marketing efforts.
- Development of standardized processes.
- Development of tooling standards.
- Standardized project management methods.
- Improved ability for specialized or small niche shops to develop expertise and compete successfully on larger programs.
- Strategic focus on any of the following target industries: Medical Devices, Alternative Energy Technologies, Defense/Homeland Security, Electrified Vehicles, or Commercial Aerospace. (See application for more details.)

The applicant is required to address each of the above elements in their application.

13. Q. What does the requirement for synergistic opportunities mean?

A. The collaborative agreement between the companies must explain why the companies coming together will be further strengthened and how working together can greatly improve their chances for survival and growth. They must address all required elements to show how the joint resources of the group are stronger than any one member. The agreement must demonstrate that it will provide its members enhanced economic effectiveness with respect to each of the elements.

14. Q. Does the collaborative agreement have to be a legally binding agreement?

A. Yes. Each company participating in the agreement must provide their signature on the last page(s) of the document to verify they agree to the terms of the agreement. The MSF needs evidence that all participants (and not only the companies eligible for a Recovery Zone) agree to work with each other on the required elements. All participants are expected to be fully committed to the success of the collaborative and show their intentions to support the agreement with their ongoing involvement (regular meetings, communication, etc.) in addressing the listed elements.

15. Q. Will you accept a letter from a company that their company collaborates with our company on an informal, but fairly regular basis, as a supplier/partnership?

A. No. A letter from a company stating they collaborate with your company on a regular basis does not meet the intent and requirements of the Act. A letter is insufficient proof of a company's participation in a legally binding collaborative agreement with your company. Although it may show that the company shares or refers work to your company regularly, it does not demonstrate that your companies, collectively, are committed to the elements of the collaborative agreement required under the Act.

16. Q. What if my company only collaborates on occasion (periodically, from time-to-time) with other companies? Could this be viewed as a collaborative?

A. No. This does not meet the intent of the Act. There may be some relationship and partnership between your companies, but not a collaborative, as outlined in the Act.

17. Q. How formally does the collaborative need to be structured? I mainly need to know if the group must form a nonprofit corporation.

A. The collaborative does not have to be a nonprofit corporation; that is not required. A group of companies forming a collaborative does not have to be a legally structured business organization. A simple legal agreement meeting the elements required under the Act is sufficient.

18. Q. If the group does form a nonprofit corporation, are they viewed more favorably and have more credibility with the MSF Board?

A. No. Collaboratives that take the form of a legal business entity are not treated more or less favorably.

19. Q. Should a collaborative have at least 15 companies and will smaller collaboratives with 7-10 companies be viewed less favorably?

A. No. We look at each submitted application individually and will view each collaborative on its own merit. Collaboratives with under 10 companies will be viewed the same as those with over 10. No matter what the size is of the collaborative, each one's purpose in applying for a Recovery Zone must be to fully explain to us how the companies will be further strengthened by coming together in an ongoing partnership.

20. Q. Does belonging to a state or national association make a difference in getting designated as a Recovery Zone?

A. No. Belonging to a formal organization has no bearing on whether or not a company will be designated as a Recovery Zone.

21. Q. Is the location of the companies considered when making a recommendation for designation as a Recovery Zone?

A. No. Recovery Zones are not geographic in nature but based on collaborative agreements between tool and die companies. Recovery Zones are unique in that they can have companies located across the state participating in a collaborative agreement. Companies do not have to be in the same vicinity to collaborate, although many find it more convenient to collaborate with companies that are closer to each other in location and compatibility.

22. Q. Would a collaborative group be looked upon more favorably if most of the companies in it were, say, all mold builders? Or, would it be better to have many different types of companies, such as die shops, machine builders, heat-treaters?

A. It makes no difference whether a collaborative consists of all mold builders or a variety of companies that have a NAICS code that falls within 333511-333515 or is 332997.

23. Q. Can a one-person shop be permitted to be a member of a newly forming collaborative?

A. Yes. A one-person shop could benefit a collaborative by being a "specialized or small niche shop" and be welcomed into participating in a collaborative agreement for that reason. Although the one-person shop may not have the same issues as larger businesses, the shop's contribution to the collaborative could enhance the collaborative agreement. As long as the one-person shop meets all the other requirements (appropriate NAICS code, has a resolution from the local governmental unit, owns or leases parcel of property, etc.) it may be a member of the collaborative.

24. Q. Can one company be allowed to work with two collaborative groups, in hopes that one will get an application approved and be designated as a Recovery Zone?

A. Yes, it is permitted. We must clarify, however, that while it is not prohibited that a company participate in two collaborative groups, it would raise serious questions as to the integrity of the collaborative agreements they are in. We would want to know why they are participating in two collaboratives when we see the company's name on two separate Recovery Zone applications.

25. Q. Do older companies that have been in existence for many years (or generations) receive preferential consideration over newer companies that have only been in existence for a shorter number of years?

A. No. The number of years that a company has been operating is not a factor.

26. Q. Are companies that have been informally collaborating with each other and working together over several years viewed more favorably than companies who are just recently coming together due to the Recovery Zone legislation?

A. No. Neither group is viewed more favorably. The intent of the Act was to encourage collaboration among companies.

27. Q. Should our individual answers in Section 5 be brief or more detailed?

A. Please provide as much detail as possible. A narrative response will allow us to gain a better understanding of your company. Answers that are too brief will not fully explain your company's situation or its intentions regarding the collaborative. If your company or the

collaborative intends to do something, you should provide an explanation as to how this will be accomplished. The panel needs to understand how you will actually do what you said you would do. We urge you to be as thorough as possible in your responses.

28. Q. What are the components of the application for a Recovery Zone?

A. The application includes forms to be filled out by each eligible company, supporting documents and narrative descriptions. All sections must be completed to ensure a review and evaluation of the Recovery Zone application:

Section 1: Application Form (Form A)

Section 2: Authorizing Resolutions (for each eligible company)

Section 3: Maps, Legal Description & Property ID Number of Proposed Recovery Zone

Section 4: Business Identification, Description and Certification Form (Form B)

Section 5: Project Description

Section 6: Collaborative Agreement

Section 7: Tax Information (Form C)

29. Q. I may want to relocate my company in a few years. Can I take my Recovery Zone designation with me when I move?

A. No. The parcel of property is designated as a Recovery Zone, not the company. The Recovery Zone designation cannot be transferred. If your company chooses to relocate to another area, your Recovery Zone designation will not apply to your new location. To receive the benefits of a Recovery Zone for your new location, you must complete a new Recovery Zone Application seeking a new designation for the new location that contains a new resolution of consent by the local unit where the parcel is located approving a specific number of years. Your existing Recovery Zone designation will be revoked by the Michigan Strategic Fund Board and it may then approve a new designation. Please notify the MEDC after the company moves into a new building and is performing tool & die business operations. The MSF cannot designate vacant land or a building under construction. A company that moves to another location must be performing tool & die operations at the time of designation. After you move to a new location, contact the MEDC for further guidance to obtain forms that must be filled out.

30. Q. Do businesses have to have fewer than 75 full-time employees?

A. No. Legislation was amended, effective 1/13/2009, that allows companies with 75 or more full-time employees to be included, however, it requires the company to enter into a written agreement with the MSF and local unit of government.

31. Q. What is the difference between companies that are eligible for Recovery Zone designation and companies that are participating in the collaborative agreement?

A. Eligible companies must meet all the requirements in the Act in order to receive the tax benefits associated with the Recovery Zone designation. Companies "participating in" a collaborative agreement do not have to meet the requirements in the Act and are not eligible to receive the tax benefits arising from the Recovery Zone designation. Only eligible companies are required to provide all the application information and fill out the forms. Companies participating in the agreement, but not eligible for Recovery Zone designation and tax benefits, do not have to provide us with any information required from eligible companies.

32. Q. Can there be different lengths of time allowed for each company in one designated Recovery Zone?

A. Yes. The Act permits different expiration dates for companies in the same Recovery Zone.

33. Q. Can the community enter into an agreement for the minimum of 5 years and if they view the agreement as successful, approve and enter into additional years?

A. Yes. The Act permits the Michigan Strategic Fund, with the consent of the city, village or township in which the business is located to "extend the duration of renaissance zone status for the recovery zone for 1 or more periods that when combined do not exceed 15 years."

34. Q. What does a company need to do to extend the duration?

A. The company must obtain a new resolution from the local unit of local government requesting a specific number of years to be added to their existing Recovery Zone.

35. Q. How would this affect the phase-out period?

A. Under the Act, there is a 25% phase-out period during the last three years of Recovery Zone designation. In the absence of any action taken before the phase-out begins, the company is obligated to pay the taxes in accordance with the Act. However, if the local government acts and approves an extension of the Recovery Zone, it suspends the phase-out. If the Michigan Strategic Fund approves extending the duration of a Recovery Zone, this becomes effective on January 1 of the year following the MSF Board's approval of the extension. Note: If the phase-out has already begun, the company cannot retroactively extend the duration of the zone or obtain a refund on the theory it was erroneously taxed.

36. Q. Can a Recovery Zone designation be revoked?

A. Yes. The Michigan Strategic Fund Board may revoke the Recovery Zone designation of all or a portion of a zone if one or more tool and die businesses fail or cease to participate in or comply with the collaborative agreement.

37. Q. What if one company goes out of business after a year in spite of its best efforts in belonging to a collaborative agreement?

A. The MEDC must receive written notification by the Recovery Zone contact person that the company has closed and is no longer a member of the collaborative agreement. The existing Recovery Zone for the company's parcel of property will be revoked at an upcoming MSF Board meeting.

38. Q. How will applications be reviewed? Please be more specific.

A. Each application is reviewed and scored individually by a Review Panel. A critical factor is the ability of each applicant to demonstrate how the collaborative agreement they entered into with other firms will lead to improved financial strength of each participating firm. Each applicant has to clearly demonstrate how their collaborative will strengthen each company by working together. The application must provide sufficient narrative to enable us to determine how the collaborative will allow the companies to be further strengthened by explaining how the companies plan on dealing with the elements required in the collaborative agreement.

39. Q. What NAICS code do I have to have to be eligible?

A. In order to be eligible for a Recovery Zone, the Act states businesses must be classified as one of the following 6-digit NAICS codes: 333511, 333512, 333513, 333514, 333515, or 332997 and enter into a collaborative agreement with other businesses. The basic descriptions for codes 333511-333515 and 332997 are:

333511 - Industrial Mold Manufacturing

333512 - Machine Tool (Metal Cutting Types) Manufacturing

333513 - Machine Tool (Metal Forming Types) Manufacturing

333514 - Special Die and Tool, Die Set, Jig, and Fixture Manufacturing

333515 - Cutting Tool and Machine Tool Accessory Manufacturing

332997 - Industrial Pattern Manufacturing

For detailed descriptions of NAICS codes, visit the web site: www.census.gov/epcd/naics02/

40. Q. Proof of the NAICS code for the business is required. What types of proof are acceptable?

A. When a business was first established and the business registered with the Internal Revenue Service (IRS) or Social Security Administration (SSA), it was assigned a North American Industry Classification System (NAICS) code by these agencies based on the information the business provided that described their business. For "proof," we must have written documentation showing one of the **6-digit** NAICS codes required by legislation. There are a variety of types of proof that can be provided of a company's NAICS code since there are various sources that assign NAICS codes. One agency may have a company classified under one code, while another has the company listed as another code. It can vary among different agencies depending on how they assign an industry NAICS code from the information they received from the business about the business. For instance, besides the IRS and SSA, there are forms from the Bureau of Labor Statistics, the Michigan Department of Labor & Economic Growth (Bureau of Labor Market Information & Strategic Initiatives – Quarterly Census of Employment and Wages section), as well as information obtained from U.S. Department of Commerce, U.S. Census Bureau reports and surveys (such as the Annual Survey of Manufactures); U.S. Department of Labor, Bureau of Labor Statistics Survey of Occupational Injuries and Illnesses; Unemployment Insurance forms, Michigan Department of Career Development, in cooperation with the U.S. Department of Labor, sends out an Industry Verification Form, BLS 3023 NVS, for companies to fill out and return that shows the NAICS code on the agency form. *(Workers Comp Renewal Policy code forms are not accepted as there is no relation to the code on the policy form to a NAICS code. The code on the WC policy form only reflects the risk a company is exposed to and does not reflect the industry.)*

41. Q. I have questions about NAICS codes, where can I find answers?

A. Find answers to your NAICS code questions by visiting the following web site:
<http://www.census.gov/eos/www/naics/faqs/faqs.html>.

42. Q. What taxes are abated under the Michigan Renaissance Zone Act?

A. The taxes abated are described in Section 9 of the Act. Under this Section, the taxes that companies located in a recovery zone do not pay are: Michigan Business Tax (MBT), state education tax, personal and real property taxes, and local income tax where applicable. Companies must still pay those taxes mandated by the federal government, local bond obligations, school sinking fund, or special assessments. Companies are **not exempt** from paying Michigan sales and use tax.

43. Q. Do companies have to be current with all state and local taxes to be eligible to receive tax benefits of the program?

A. Yes.

44. Q. How long can my taxes be abated?

A. Taxes can be abated for up to 15 years as determined by the MSF Board. In all cases, the tax benefits will be phased out in 25% increments during the last three years of the Recovery Zone designation.

45. Q. When do Recovery Zone tax benefits begin?

A. The Recovery Zone designation and tax benefits will begin on January 1, 2011, for companies receiving the MSF Board's approval in 2010. The zone and tax benefits begin on January 1, 2011, for Michigan Business Tax (MBT) and income tax purposes. The zone and tax benefits technically begin on December 31, 2010, for real and personal property tax purposes. Even though the zone technically begins on 12/31/2010 for property tax purposes, you still must pay your winter tax bill. You will not see any property tax relief until

the summer 2011 property tax bill is issued by the Treasurer of your local unit of government.

46. Q. Can a qualified business that is in a designated Recovery Zone be denied tax benefits?

A. Yes. A business will be denied tax benefits if it is delinquent in state income tax, Michigan Business Tax, or substantially delinquent as defined by the local unit of government in property taxes or city income taxes.

47. Q. Must I still file tax forms?

A. Yes. Businesses must still file annual Michigan Business Tax (MBT) tax returns and city income tax returns if applicable. Companies must also still file an annual Personal Property Statement with the local unit of government where parcel of property is located. Failure to submit these tax forms will result in delinquency and a business can be denied benefits of the program for failing to file the proper tax returns each year. Although being designated as a Recovery Zone allows businesses to be "exempt" from paying taxes for a certain number of years, those businesses still are required to file annual tax forms.

48. Q. Are individual certificates issued to companies in the Recovery Zones?

A. No.

49. Q. When are applications due?

A. Applications must be submitted by 5:00 p.m. on **Monday, September 27, 2010**, to the offices of the MEDC at 300 North Washington Square, Lansing, Michigan 48913 or be postmarked by **Monday, September 27, 2010**.

50. Q. Will I receive notification that the application was actually received in your offices if I mailed it in with a postmark by September 27, 2010?

A. The person listed as the contact to serve as the liaison for your collaborative will be sent a letter of acknowledgement within 10 days after receipt of the application.

51. Q. Can I submit our application a few months early and will you review it when it is received?

A. We will not review any applications that are submitted and received before the deadline date of September 27, 2010.

52. Q. Will there be subsequent rounds and deadlines when applications must be submitted for designation?

A. Subsequent rounds will depend upon availability of Recovery Zone designations.

If your question isn't listed or you still need more information, send an email to RenZoneProgram@michigan.org.

Below are Questions and Answers for companies interested in possibly being allowed to join an existing Recovery Zone.

Q. Can a tool and die company join an existing approved coalition/Recovery Zone?

A. Yes, if all members of an existing coalition agree to allow another tool and die company to join their existing collaborative and Recovery Zone. **The company still must meet all the Act's requirements.** In addition, the company would have a limited duration time:

- If company joins a Rnd 1 collaborative that began in 2005, it could not go beyond 2019;
- If company joins a Rnd 2 collaborative that began in 2006, it could not go beyond 2020;
- If company joins a Rnd 3 collaborative that began in 2007, it could not go beyond 2021;
- If company joins a Rnd 4 collaborative that began in 2008, it could not go beyond 2022;
- If company joins a Rnd 5 collaborative that began in 2009, it could not go beyond 2023;
- If company joins a Rnd 6 collaborative that began in 2010, it could not go beyond 2024.

Note: The local governmental unit where the parcel of property is located can elect to award less than the full number of years available with a minimum requirement of 5 years due to the 3 year phase out of tax benefits in 25% increments during the last three years of zone designation.

Q. Explain more about a company joining an existing Recovery Zone.

A. A collaborative that is an existing Tool & Die Recovery Zone can submit an application on behalf of a company and request the company be allowed to join their Tool & Die Recovery Zone. All collaborative agreement participants must sign a statement consenting to the participation of the new company in the collaborative and Recovery Zone. The group must also explain the reasons why they are allowing a company to join the coalition and how the company will add value to the collaborative. Applications for this circumstance will be accepted on an ongoing basis through October each year. Recovery Zone designation becomes effective for the year after designation. Collaboratives that choose to include additional companies into their Recovery Zone must submit a separate application prepared for this purpose to the MEDC. The Michigan Strategic Fund Board would take action to approve allowing a company to join and become part of the existing collaborative agreement and Recovery Zone; the company would not be designated as a separate Recovery Zone.

Q. How should a company attempt to join one of the approved collaboratives?

A. The company would have to contact the collaborative directly. The MEDC does not know which collaborative would be willing to consider allowing a company to join. It is up to the collaborative's members to determine whether they wanted to add another company, if the company was compatible, and if the company would add value to the existing collaborative agreement shared by the companies. The company seeking designation cannot apply directly; the application must be submitted to the MEDC from the collaborative on behalf of the company. A list of Recovery Zones and contacts are on the MEDC web site. Click on Tool and Die Recovery Zones located in the Related Links box:

<http://ref.michigan.org/medc/services/sitedevelopment/renzzone/>

April 2010

MICHIGAN RENAISSANCE ZONE ACT (EXCERPT)
Act 376 of 1996

125.2688d Tool and die renaissance recovery zones; definitions.

Sec. 8d. (1) The board of the Michigan strategic fund described in section 4 of the Michigan strategic fund act, 1984 PA 270, MCL 125.2004, may designate not more than 35 tool and die renaissance recovery zones within this state in 1 or more cities, villages, or townships if that city, village, or township or combination of cities, villages, or townships consents to the creation of a recovery zone within their boundaries. A recovery zone shall have a duration of renaissance zone status for a period of not less than 5 years and not more than 15 years as determined by the board of the Michigan strategic fund. If the Michigan strategic fund determines that the duration of renaissance zone status for a recovery zone is less than 15 years, then the Michigan strategic fund, with the consent of the city, village, or township or combination of cities, villages, or townships in which the qualified tool and die business is located, may extend the duration of renaissance zone status for the recovery zone for 1 or more periods that when combined do not exceed 15 years. Not less than 1 of the recovery zones shall consist of 1 or more qualified tool and die businesses that have a North American industrial classification system (NAICS) of 332997.

(2) The board of the Michigan strategic fund may designate a recovery zone within this state if the recovery zone consists of not less than 4 and not more than 20 qualified tool and die businesses at the time of designation. If the board of the Michigan strategic fund designated 1 or more recovery zones that contain less than 20 qualified tool and die businesses before December 19, 2005, the board of the Michigan strategic fund may add additional qualified tool and die businesses to that recovery zone subject to the limitations contained in this subsection. A recovery zone shall consist of only qualified tool and die business property. The board of the Michigan strategic fund may combine existing recovery zones that are comprised solely of tool and die businesses that are parties to the same qualified collaborative agreement. Where 2 or more recovery zones have been combined, the board of the Michigan strategic fund may continue to designate additional recovery zones, provided that no more than 25 tool and die recovery zones exist at 1 time.

(3) The board of the Michigan strategic fund may revoke the designation of all or a portion of a recovery zone with respect to 1 or more qualified tool and die businesses if those qualified tool and die businesses fail or cease to participate in or comply with a qualified collaborative agreement. A qualified tool and die business may enter into another qualified collaborative agreement once it is designated part of a recovery zone.

(4) One or more qualified tool and die businesses subject to a qualified collaborative agreement may merge into another group of qualified tool and die businesses subject to a different qualified collaborative agreement upon application to and approval by the Michigan strategic fund.

(5) A qualified tool and die business in a recovery zone may have a different period of renaissance zone status than other qualified tool and die businesses in the same recovery zone.

(6) The board of the Michigan strategic fund may modify an existing recovery zone to add 1 or more qualified tool and die businesses with the consent of all other qualified tool and die businesses that are participating in the recovery zone.

(7) The board of the Michigan strategic fund may modify an existing recovery zone to add additional property under the same terms and conditions as the existing recovery zone if all of the following are met:

(a) The additional real property is contiguous to existing qualified tool and die business property and will become qualified tool and die business property once it is brought into operation as determined by the board of the Michigan strategic fund.

(b) The city, village, or township in which the qualified tool and die business is located consents to the modification.

(8) Beginning on the effective date of the amendatory act that added this subsection, a recovery zone may include a qualified tool and die business that has 75 or more full-time employees if that qualified tool and die business has entered into a written agreement with the board of the Michigan strategic fund and the city, village, or township, or a combination of cities, villages, or townships, in which the qualified tool and die business is located.

(9) As used in this section:

(a) "Qualified collaborative agreement" means an agreement that demonstrates synergistic opportunities, including, but not limited to, all of the following:

(i) Sales and marketing efforts.

(ii) Development of standardized processes.

(iii) Development of tooling standards.

(iv) Standardized project management methods.

(v) Improved ability for specialized or small niche shops to develop expertise and compete successfully on

larger programs.

(b) "Qualified tool and die business" means a business entity that meets all of the following:

(i) Has a North American industrial classification system (NAICS) of 332997, 333511, 333512, 333513, 333514, or 333515; or has a North American industrial classification system (NAICS) of 337215 and operates a facility within an existing renaissance zone, which facility is adjacent to real property not located in a renaissance zone and is located within 1/4 mile of a Michigan technical education center.

(ii) Has entered into a qualified collaboration agreement as approved by the Michigan strategic fund consisting of not fewer than 4 or more than 20 other business entities at the time of designation that have a North American industrial classification system (NAICS) of 332997, 333511, 333512, 333513, 333514, or 333515.

(iii) Except as otherwise provided by the board of the Michigan strategic fund, has fewer than 75 full-time employees.

(c) "Qualified tool and die business property" means 1 or more of the following:

(i) Property owned by 1 or more qualified tool and die businesses and used by those qualified tool and die businesses primarily for tool and die business operations. Qualified tool and die business property is used primarily for tool and die business operations if the qualified tool and die businesses that own the qualified tool and die business property generate 75% or more of the qualified tool and die businesses' gross revenue from tool and die operations that take place on the qualified tool and die business property at the time of designation.

(ii) Property leased by 1 or more qualified tool and die business for which the qualified tool and die business is liable for ad valorem property taxes and which is used by those qualified tool and die businesses primarily for tool and die business operations. Qualified tool and die business property is used primarily for tool and die business operations if the qualified tool and die businesses that lease the qualified tool and die business property generate 75% or more of the qualified tool and die businesses' gross revenue from tool and die operations that take place on the qualified tool and die business property at the time of designation. The qualified tool and die business shall furnish proof of its ad valorem property tax liability to the department of treasury.

History: Add. 2003, Act 266, Imd. Eff. Jan. 5, 2004;—Am. 2004, Act 202, Imd. Eff. July 13, 2004;—Am. 2005, Act 276, Imd. Eff. Dec. 19, 2005;—Am. 2006, Act 93, Imd. Eff. Apr. 4, 2006;—Am. 2008, Act 117, Imd. Eff. Apr. 29, 2008;—Am. 2008, Act 495, Imd. Eff. Jan. 13, 2009.

Compiler's note: For transfer of Michigan strategic fund from department of management and budget to department of labor and economic growth, see E.R.O. No. 2003-1, compiled at MCL 445.2011.

Oakland County Recovery Zone Companies as of December 2009

Companies with an asterisk (*) were allowed to join existing recovery zones

County	Company Name	Mailing Address Location	Resolution from City/Twp/Village	Yrs	Ends	Recovery Zone Name
Oakland	Suburban Tool, Inc. (5 yrs added)	Auburn Hills	City of Auburn Hills	10	2015	Eastern Michigan Tool & Die Collaborative, Rnd 2
Oakland	Precision Optical Mfg. (POM) Group*	Auburn Hills	City of Auburn Hills	8	2015	Great Lakes Tool & Die Collaborative, Rnd 1 - Co. joined
Oakland	Delta Tooling Co., dba Delta Technologies Group	Auburn Hills	City of Auburn Hills	8	2017	Strategic Tooling Solutions, Rnd 6
Oakland	Vicount Industries, Inc.	Farmington Hills	City of Farmington Hills	6	2013	Global Tooling Alliance, Rnd 4
Oakland	Posa-Cut Corporation	Farmington Hills	City of Farmington Hills	6	2015	Third Coast Tooling Alliance, Rnd 6
Oakland	Maple Mold Technologies, Inc.	Rochester Hills	City of Rochester Hills	11	2018	Global Tooling Alliance, Rnd 4
Oakland	Avon Broach & Production Company	Rochester Hills	City of Rochester Hills	5	2011	Michigan Coast to Coast Tool & Die Collaborative, Rnd 3
Oakland	Urgent Plastic Services, Inc.*	Rochester Hills	City of Rochester Hills	5	2013	United Tooling Coalition (UTC), Rnd 1 - Co. joined
Oakland	Bradley-Thompson Tool Company	Southfield	City of Southfield	15	2023	American Tooling & Manufacturing Coalition, Rnd 5
Oakland	Three M Tool & Machine, Inc., 2nd location	Wixom	City of Wixom	5	2014	Michigan Coast to Coast Tool & Die Collaborative, Rnd 3
Oakland	Brown Jig Grinding Company	Wixom	City of Wixom	5	2014	Third Coast Tooling Alliance, Rnd 6
Oakland	Kraftwood Engineering Co.	Walled Lake	Commerce Charter Twp	10	2019	Third Coast Tooling Alliance, Rnd 6
Oakland	Three M Tool & Machine, Inc.	Walled Lake	Commerce Township	10	2016	Michigan Coast to Coast Tool & Die Collaborative, Rnd 3
Oakland	Richard Tool & Die, Inc.*	New Hudson	Lyon Township	10	2016	United Tooling Coalition (UTC), Rnd 1 - Co. joined
Oakland	MPD Welding, Inc.	Orion	Orion Charter Twp.	15	2023	American Tooling & Manufacturing Coalition, Rnd 5
Oakland	Plastic Engineering & Technical Services, Inc.*	Auburn Hills	City of Auburn Hills	8	2016	Global Tooling Alliance, Rnd 4 - Co. joined

