

**MICHIGAN TOOL & DIE RENAISSANCE
RECOVERY ZONE PROGRAM**

**Application to the Michigan Strategic Fund (MSF) Board
for Creating a Tool & Die Recovery Zone**



**MICHIGAN ECONOMIC DEVELOPMENT
CORPORATION (MEDC)**

Application Deadline: Monday, September 15, 2008

April 2008

Tool & Die Recovery Zone Requirements

Section 8d of the Michigan Renaissance Zone Act (the “Act”), 1996 PA 376, as amended, authorizes the Michigan Strategic Fund (“MSF”) to designate up to 25 tool and die renaissance recovery zones (“Recovery Zone”).

The designation of a Recovery Zone is within the discretion of the MSF Board, pursuant to MCL 125.2688d. The Michigan Economic Development Corporation (“MEDC”) accepts the applications, reviews the applications, and makes recommendations to the MSF Board for approval of Recovery Zone designations.

To qualify for a Recovery Zone designation, each company applying for designation must:

- Obtain an authorizing resolution from the local governmental unit(s) where the respective company’s parcel of property is located that consents to the creation of a Recovery Zone within its boundaries. The resolution must include the number of years that the local unit(s) of government (a city, township, or village) is willing to forego taxes (up to a maximum of 15 years);
- 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, as defined in the Act;
- Have fewer than 75 full-time employees;
- Have one of the following North American Industrial Classification System (NAICS) codes: 333511, 333512, 333513, 333514, or 333515, or NAICS code 332997;
- Participate in a written collaborative agreement with other tool and die businesses.
- Have a collaborative agreement that demonstrates synergistic opportunities among the companies which must include, but are not limited to, all of the following:
 1. Sales and marketing efforts;
 2. Development of standardized processes;
 3. Development of tooling standards;
 4. Standardized project management methods; and
 5. Improved ability for specialized or small niche shops to develop expertise and compete successfully on larger programs.

In addition, the collaborative agreement must demonstrate that the collaboration will provide all participating companies the opportunity to strengthen their companies and achieve enhanced economic effectiveness with respect to each of the five above elements.

Note: The NAICS codes (333511-333515), as specified in the Act, include industrial mold manufacturing; machine tool (metal cutting types) manufacturing; machine tool (metal forming types) manufacturing; special die and tool, die set, jig, and fixture manufacturing; and cutting tool and machine tool accessory manufacturing. NAICS code 332997 is for industrial pattern manufacturing.

For more information on NAICS codes, visit: <http://www.census.gov/epcd/www/drnaics.htm>

APPLYING FOR A TOOL & DIE RECOVERY ZONE DESIGNATION

The application for a Recovery Zone includes forms that must be completed by each eligible company, supporting documents and narrative descriptions. The MEDC may request additional information. All sections of the application must be completed to ensure a thorough review and evaluation of the Recovery Zone application.

An application for a Recovery Zone can be submitted to the MSF Board by:

- A tool and die business that meets the requirements shown on the preceding summary page. (A coalition name can be listed as the applicant.) An application form (Form A) must be filled out for all the eligible companies applying for a Recovery Zone designation. There also must be one key contact person listed on the application form to serve as a liaison for the entire group of eligible companies applying for designation.
- A local governmental unit (city/village/township) where the parcel of property to be designated as a Recovery Zone (and qualified tool and die business) is located.

All applications must include the following 7 Sections:

- 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)

Note: The contents of the application must include the 7 sections, above, listed in sequential order with page numbers, as well as clear identification of each exhibit and attachment for each eligible company. Only the contact person listed on the application form will receive a letter from the MEDC stating the application was received. It is the responsibility of the contact person to notify the other companies of this acknowledgement letter.

To start the application process, please submit four (4) copies of a completed application to the MEDC at the address shown below. **Applications must be delivered by 5:00 p.m. on Monday, September 15, 2008, to the offices of the MEDC at the address below or be postmarked by Monday, September 15, 2008.**

Michigan Economic Development Corporation
Program Administration – Tool & Die Recovery Zones
300 North Washington Square, 3rd Floor
Lansing, Michigan 48913
(517) 373-6213

- SEE CHECKLIST ON THE NEXT PAGE -

RECOVERY ZONE APPLICATION CHECKLIST

To ensure all information is included in each section of the application, please review this checklist prior to submitting materials.

SECTION 1: Application Form (Form A)

A completed application (Form A) must be submitted for a Recovery Zone designation.

SECTION 2: Authorizing Resolutions

Each company applying for designation must have a resolution of consent from the local governmental unit where the parcel(s) of property is located that states the number of years (up to 15) they are willing to waive taxes.

SECTION 3: Maps, Legal Description, & Property ID# of Proposed Recovery Zone

Each company applying for designation must provide this material:

- (a) Map of local governmental unit where proposed Recovery Zone is located
- (b) Map of property to be designated as a Recovery Zone
- (c) Legal description of property to be included in the Recovery Zone
- (d) Property/Parcel Identification Number

SECTION 4: Business Identification and Description

Each company applying for designation must provide:

- (a) Business Identification and Description
- (b) Certification Form (Form B)
- (c) Proof of NAICS code
- (d) Property Documentation (leased or owned)
- (e) Copies of most recent summer and winter property tax bills

SECTION 5: Project Description

Each company applying for designation must provide responses to all items listed in this section. Please provide as much detail as possible.

SECTION 6: Collaborative Agreement

This section requires the collaborative agreement between all companies participating in the collaborative effort. Please provide as much detail as possible in describing the collaborative by addressing each of the required elements individually. There must be a signature page at the end of the agreement with each participating company's sign-off required. (An example of a signature page is in the Appendix. Use as many pages as needed, depending on the number of companies participating.)

SECTION 7: Tax Information (Form C)

Each company applying for designation must fill out the one page Tax Information sheet (Form C).

- End of Checklist -

INSTRUCTIONS FOR EACH SECTION OF THE APPLICATION

SECTION 1 – APPLICATION FORM (FORM A)

Whenever a company, name of the coalition, or a local governmental unit is submitting the application:

- Complete all items in the Recovery Zone Application Form - “**FORM A.**” List companies applying for a Recovery Zone designation. List any companies that are participating in the collaborative agreement, but are not eligible for a Recovery Zone designation, on the 2nd page of the application form. Use additional sheets, if needed.
- 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.
- Note: Eligible companies belonging to the same collaborative agreement can have different years to be designated. The application should list the number of years each company is applying for designation.

SECTION 2 – AUTHORIZING RESOLUTIONS

Under the Act, applications for Recovery Zones must include a resolution of support from the local governmental unit where the parcel of property to be designated as a Recovery Zone is located. A Recovery Zone cannot exist unless the city, township, or village consents to the creation of a Recovery Zone within its boundaries.

Before the MSF can designate an area as a Recovery Zone, each company applying for designation must obtain a resolution that states if the Recovery Zone designation is granted, the property within the Recovery Zone is exempt from taxes levied by that city, township, or village and the number of years (up to 15) that taxes will be abated. *Note: A resolution is not required from the county in which the proposed Recovery Zone will be located. If the parcel of property is located in a village, a resolution is required only from the village—township approval is not required.*

Submit the resolution in Section 2 of the application package. A sample resolution is included in the Appendix, or the local unit of government may pass its own resolution.

SECTION 3 – MAPS, LEGAL DESCRIPTION & PROPERTY ID#

Under the Act, the MSF may designate Recovery Zones that consist of parcels of property leased or owned by qualified tool and die businesses and used by those businesses primarily for tool and die operations.

Each business applying for a Recovery Zone designation needs to:

- Provide an overview map of the local unit of government (city, township, or village) and circle, highlight, or otherwise indicate the location of your business on the overview map.
- Provide detailed map(s) of the proposed Recovery Zone that clearly shows the specific parcel(s) of property to be designated as a Recovery Zone.

- Provide a Legal Description of the property to be included in the Recovery Zone.
- Provide the Property Identification Number. The Legal Description and Property ID Number can be put on the same page; both must be provided, whether on a separate page or together.

Note: Maps, Legal Description, and Property ID Numbers are required for each business applying for designation since the parcel of property is designated as a Recovery Zone, not the business. If the business relocates, the Recovery Zone designation cannot be transferred and the MSF Board will revoke its Recovery Zone designation. Upon relocation, a business must apply for a new designation for its new location. Before a new Recovery Zone may be designated by the MSF Board, a resolution is required from the unit of local government where the new parcel to be designated is located, as well as the other required aspects of the Recovery Zone application.

As stated in the Act: “Qualified tool and die business property” means:

- Property owned by one or more qualified tool and die businesses and used by those businesses primarily for tool and die business operations, or
- Property leased by one or more qualified tool and die businesses for which the businesses are liable for ad valorem property taxes and that is used by those businesses primarily for tool and die business operations.
- “Primarily” means that 75% or more of the gross revenue generated from tool and die operations take place on the business property at the time of designation.

Companies that lease property must provide evidence of the lease. Rather than providing a copy of an entire lease, applicants may provide only the relevant pages required to prove the applicant leases and pays taxes for the property. A “Lease Certification” (example language provided in attachments) also may be used to satisfy this requirement.

SECTION 4 - BUSINESS IDENTIFICATION

To be eligible for a Recovery Zone designation, a qualified business must be classified as one of five North American Industry Classification System (NAICS) codes that fall within 333511-333515, or have a NAICS of 332997, employ fewer than 75 full-time individuals, lease or own the parcel of property, and certify the facility is used primarily for tool and die business operations. To demonstrate compliance with these provisions in the law:

Each business applying for designation needs to:

- Provide a history and description of the business, including how long your business has been in existence and the work performed by your business. No more than two pages.
- Fill out and submit a Certification Form (FORM B) in Section 4 of the application package.
- Provide proof of the NAICS code for the business. We will accept documentation from various agencies that assigned your business a NAICS code. See Frequently Asked Questions for more details. For additional information about NAICS codes, visit: <http://www.census.gov/epcd/www/drnaics.htm>.
- Property Documentation: Provide documentation that the facility/parcel of property in the proposed Recovery Zone is leased or owned by the business. Documentation may include tax bills, deeds or mortgages, lease agreements or a letter from the individual(s) or company you are leasing from that certifies the facility/property is leased to you. Provide copies of your most recent summer and winter property tax bills.

SECTION 5 – PROJECT DESCRIPTION

Each business applying for designation needs to provide the following information in Section 5:

1. **Current Governmental Incentives Received**
List any other governmental incentives (such as IFT, PA-198) currently being received by your business, when they began, and the expiration date. If none, please note this.
2. **Current Market; Customers of Business**
Describe the current market for your business. List your customers and/or or give examples of the types of customers who use your services.
3. **Business Challenges**
Provide a detailed narrative describing the challenges faced by your business. (This can be past, present, future, or all.) The point is to let us understand how the problems you have encountered (or continue to face) have affected or will affect your company in the future.
4. **Benefit of Recovery Zone**
Explain how a Recovery Zone designation will benefit your company and if a designation will allow you to retain or expand your tool and die business operations.
5. **Manufacturing Processes**
Explain how your company will change or improve its manufacturing processes as a result of your involvement in the collaborative. In addition, describe any lean manufacturing processes you have already adopted that have resulted in improved manufacturing performance.
6. **Benefit of Collaborating with Other Companies**
Describe how your company's participation in the collaborative agreement with other companies will strengthen your company and how the combined companies in the collaborative add value to each other to accomplish what one company could not.

SECTION 6 – COLLABORATIVE AGREEMENT

Under Section 8d(7)(a) of the Act, a qualified business must have entered into a “qualified collaborative agreement” which demonstrates synergistic opportunities with other businesses that have one of five NAICS codes that fall within 333511-333515, or have a NAICS code of 332997.

This requirement for synergism means that the collaborative agreement must not only include the five elements required in the law, but must demonstrate that the combined effect of all participants acting jointly on each of the elements must be greater than the sum of the efforts of all participants of the collaborative agreement. Put another way, the collaborative agreement must demonstrate that it will provide its members enhanced economic effectiveness with respect to all five elements.

Provide a copy of the collaborative agreement that demonstrates synergistic opportunities through each of the elements of the agreement, which must include, but are not limited to, all of the following:

1. Sales and marketing efforts;
2. Development of standardized processes;

3. Development of tooling standards;
4. Standardized project management methods; and
5. Improved ability for specialized or small niche shops to develop expertise and compete successfully on larger programs.

Please address each of the points listed individually.

We are requesting that a signature page be provided at the end of the collaborative agreement with each company's sign-off required. This means that the names of all the companies that are a party to the agreement must be listed on the last page of the agreement along with the signature of a person authorized to bind the company to the agreement. (An example of a signature page is in the Appendix. Use as many pages as needed, depending on the number of companies participating.)

SECTION 7 - TAX INFORMATION (FORM C)

- Each company requesting designation of their property as a Recovery Zone must complete the one page Tax Information sheet (FORM C). Your local Treasurer should be able to provide you with information needed on the form.

APPENDIX

SECTION 1 – RECOVERY ZONE APPLICATION FORM

RECOVERY ZONE PROGRAM			
Michigan Economic Development Corporation			
Applicant/Name of Collaborative:			
Street/P.O. Box:			
City, State, Zip Code:			
County:			
*Contact Person and Title:			
Address:			
Telephone Number:		E-mail Address:	
How do you prefer we contact you if there are questions?			
*NOTE: 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.			
<ul style="list-style-type: none"> ➤ Number of companies applying for a Recovery Zone designation: _____ ➤ Number of years companies are applying for a Recovery Zone: _____ (not to exceed 15 years) ATTN: If there are different years involved, please note that below on company information ➤ Total number of companies participating in the collaborative agreement: _____ 			
LIST COMPANIES BELOW THAT ARE APPLYING FOR A RECOVERY ZONE DESIGNATION			
Note: Extra space is provided on the next page. Also, if your coalition has other companies that are participating in the collaborative agreement, but are not eligible for a Recovery Zone designation, list the names/addresses on the next page.			
Company Name	Address	Number of Years	
Authorized Coalition/Recovery Zone Contact Person applying on behalf of companies or Government Official (if local governmental unit is applying on behalf of coalition).			
NAME AND TITLE	SIGNATURE	TELEPHONE	DATE

CERTIFICATION FORM

I certify _____ (name of company)
employs _____ individuals full-time.

I certify the company's NAICS code is _____ and that documentation is provided to prove the company's NAICS code falls within 333511-333515, or is 332997.

I certify that the parcel of property is leased or owned by a qualified tool and die business.

I certify that the parcel of property is used primarily for tool and die business operations and that the business property generates 75% or more of the businesses' gross revenue from tool and die business operations that take place on the business property at the time of designation.

I certify that the company is up-to-date with taxes.

I certify that the information contained in this Recovery Zone application and in the exhibits and attachments submitted are true and correct to the best of my knowledge.

I understand that the submitted materials will be the basis for determining whether the Michigan Strategic Fund should designate a Recovery Zone.

I understand that the Michigan Strategic Fund may revoke the designation of all or a portion of a Recovery Zone if one or more qualified tool and die businesses fail or cease to participate in or comply with the qualified collaborative agreement.

Signature

Typed or Printed Name and Title

Phone Number

E-mail address

Date

TAX INFORMATION

A. Michigan Business Tax

NAME OF COMPANY: _____ FEIN NUMBER: _____ ADDRESS: _____ CITY/STATE/ZIP: _____	Previous year's Business Tax Liability: \$ _____
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B. Current State Equalized Value (SEV) and Taxable Value of Property in the Zone

	State Equalized Value (SEV)	Taxable Value
Real Property – Land		
Real Property - Building		
Personal Property		
TOTAL	\$	\$

C. Total Real & Personal Property Taxes Paid in Previous Year: \$ _____

D. Anticipated Value of Any Proposed New Investments

Real – New Construction	
Real – Building Improvements	
Personal Property	

E. Total Millage Rate for all taxing jurisdictions: _____

F. Millage Levied

Taxes still due are those mandated by the federal government, local bond obligations, school sinking fund or special assessments. Companies are also not exempt from paying Michigan sales tax. Please provide a breakout of millage levied for the following. You will be required to pay these taxes. Speak with your Treasurer if there are any questions as to whether or not any of the below applies to your property tax bill.

BREAKOUT – Millage Levied For:

Debt Service (local bond obligations)	
School Sinking Fund	
Special Assessments	
TOTAL	

G. School District Code: _____

Note: If you do not know your 5-digit School District Code, please speak with your Treasurer to obtain this information.

SAMPLE LEASE CERTIFICATION
(for a Tool & Die Renaissance Recovery Zone)

Date: _____

To: Michigan Strategic Fund Board

Subject: Certification of Leased Property

This is to certify that (NAME OF COMPANY) leases the property and building located at (ADDRESS, CITY, Michigan, SIP CODE) from (NAME OF LANDLORD), or (ADDRESS, CITY, Michigan, ZIP CODE).

The property ID# is: _____

The building is approximately _____ square feet and located on approximately _____ acres in _____ (Name of city, township, or village).

(NAME OF COMPANY) is required to pay all taxes for this property. Taxes are not included in the lease payment and are paid for separately by (NAME OF COMPANY).

Signature of Landlord

Typed or Printed Name of Landlord

Phone Number

SAMPLE RESOLUTION
(for a Tool & Die Renaissance Recovery Zone)

Resolution to Request a Tool & Die Renaissance Recovery Zone

WHEREAS, the (City/Village/Township) of _____ desires to promote economic activity and maintain/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 productivity;

WHEREAS, the designation of a Tool and Die Renaissance Recovery Zone (“Recovery Zone”) will temporarily reduce the tax burden paid by the business enabling it to reposition itself to compete globally, and;

WHEREAS, the business has entered into a collaborative agreement with other business entities having the North American Industry Classification System codes required under Section 8d of the Michigan Renaissance Zone Act, 1996 PA 376, as amended (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;

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

WHEREAS, the (City/Village/Township) expects that the tax revenue lost, which is estimated on the attached schedule, would be a small fraction of the benefits the designation of a Recovery Zone will bring the community.

THEREFORE BE IT RESOLVED, that the (City/Village/Township) requests that the Michigan Strategic Fund Board, as authorized under Section 8d of the Act, designate _____(Name of Company, Address and Property ID Number), identified by this resolution a Recovery Zone under the Act for a duration of up to _____ years.

Adopted.

Date:

- EXAMPLE SIGNATURE PAGE -

Note: Use as many sheets as necessary to show all companies participating in the collaborative agreement have agreed to abide to the content of the agreement.

COLLABORATIVE AGREEMENT (By-laws)

I am in agreement with the _____ (name of coalition) _____ By-laws as of _____ (month/date/year) _____.

(signature)
Type Name of Primary Voting Member below signature
Company Name

(signature)
Type Name of Primary Voting Member below signature
Company Name

(signature)
Type Name of Primary Voting Member below signature
Company Name

(signature)
Type Name of Primary Voting Member below signature
Company Name

(signature)
Type Name of Primary Voting Member below signature
Company Name

(signature)
Type Name of Primary Voting Member below signature
Company Name

Month/Date/Year