



Michigan
Office of the Auditor General
REPORT SUMMARY

*Performance Audit
Brownfield Redevelopment Financing
Program
Department of Environmental Quality,
Michigan Economic Growth Authority, and
Department of Treasury*

Report Number:
271-0420-11

Released:
June 2011

The Brownfield Redevelopment Financing Act, Act 381, P.A. 1996, as amended, authorizes municipalities to create brownfield redevelopment authorities to facilitate the implementation of brownfield plans and promote revitalization of brownfield properties through the use of tax increment financing (TIF) for eligible activities. Act 381 prescribes the powers and duties of the authorities as well as related requirements and criteria for the authorities, the Department of Environmental Quality (DEQ), the Michigan Economic Growth Authority (MEGA), and the Department of Treasury.

Audit Objective:

To assess the effectiveness of the Brownfield Redevelopment Financing Program established under Act 381, P.A. 1996.

Audit Conclusion:

We could not conclude on the effectiveness of the Brownfield Redevelopment Financing Program because of a lack of available performance information for assessing effectiveness. Our audit disclosed one material condition (Finding 1).

Material Condition:

The State Tax Commission, Department of Treasury, did not sufficiently collect, compile, or analyze financial status reports of the brownfield redevelopment authorities and did not submit annual summary reports to the Legislature (Finding 1).

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Audit Objective:

To assess the efficiency of the operations of the Brownfield Redevelopment Financing Program established under Act 381, P.A. 1996.

Audit Conclusion:

We concluded that the operations of the Brownfield Redevelopment Financing Program were moderately efficient. Our audit disclosed one reportable condition (Finding 2).

Reportable Condition:

MEGA and the Michigan Economic Development Corporation did not track the actual cost of reviewing brownfield redevelopment authorities' work plans (Finding 2).

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Audit Objective:

To assess the effectiveness of DEQ's and MEGA's efforts to facilitate and support

the redevelopment or reuse of eligible property.

Audit Conclusion:

We concluded that DEQ's and MEGA's efforts to facilitate and support the redevelopment or reuse of eligible property were effective. Our audit report does not include any reportable conditions related to this audit objective.

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Audit Objective:

To assess DEQ's, MEGA's, and the Department of Treasury's compliance with the annual reporting requirements identified in Act 381, P.A. 1996, as amended.

Audit Conclusion:

We concluded that DEQ and MEGA were in compliance and that the Department of Treasury was not in compliance with the annual reporting requirements identified in Act 381, P.A. 1996, as amended. As described under the first audit objective, our audit identified one material condition (Finding 1).

Material Condition:

The State Tax Commission, Department of Treasury, did not sufficiently collect, compile, or analyze financial status reports of the brownfield redevelopment authorities and did not submit annual summary reports to the Legislature (Finding 1).

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Agency Response:

Our audit report contains 2 findings and 2 corresponding recommendations. The Department of Treasury's preliminary response indicates that it substantially agrees with the first recommendation and will pursue corrective action. Also, MEGA and MEDC's preliminary response indicates that they do not agree with the second recommendation; however, they will pursue corrective action.

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A copy of the full report can be obtained by calling 517.334.8050 or by visiting our Web site at: <http://audgen.michigan.gov>



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