



MICHIGAN

OFFICE OF THE AUDITOR GENERAL

AUDIT REPORT



THOMAS H. MCTAVISH, C.P.A.
AUDITOR GENERAL

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– Article IV, Section 53 of the Michigan Constitution

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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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June 29, 2011

Mr. Dan Wyant, Director
Department of Environmental Quality
Constitution Hall
Lansing, Michigan
and
Mr. Michael Finney
Michigan Economic Development Corporation President and Chief Executive Officer
Michigan Economic Growth Authority Board Chairperson
300 North Washington Square
Lansing, Michigan
and
Mr. Andy Dillon
State Treasurer
Richard H. Austin Building
Lansing, Michigan

Dear Mr. Wyant, Mr. Finney, and Mr. Dillon:

This is our report on the performance audit of the Brownfield Redevelopment Financing Program, Department of Environmental Quality, Michigan Economic Growth Authority, and Department of Treasury.

This report contains our report summary; description of program; audit objectives, scope, and methodology and agency responses; comments, findings, recommendations, and agency preliminary responses; flowchart of the Brownfield Redevelopment Financing Program process, presented as supplemental information; and a glossary of acronyms and terms.

Our comments, findings, and recommendations are organized by audit objective. The agency preliminary responses were taken from the agencies' responses subsequent to our audit fieldwork. The *Michigan Compiled Laws* and administrative procedures require that the audited agencies develop a plan to address the audit recommendations and submit it within 60 days after release of the audit report to the Office of Internal Audit Services, State Budget Office. Within 30 days of receipt, the Office of Internal Audit Services is required to review the plan and either accept the plan as final or contact the agencies to take additional steps to finalize the plan.

We appreciate the courtesy and cooperation extended to us during this audit.

AUDITOR GENERAL

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Description of Program

Statutory Authority

The Brownfield Redevelopment Financing Act, Act 381, P.A. 1996, as amended (Sections 125.2651 - 125.2672 of the *Michigan Compiled Laws*), 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) (formerly the Department of Natural Resources and Environment), the Michigan Economic Growth Authority (MEGA), and the Department of Treasury.

As of January 2011, there were 286 authorities Statewide.

Brownfield Redevelopment Financing Program

The goal* of the Brownfield Redevelopment Financing Program is to promote the revitalization, redevelopment, and reuse of brownfield properties. Each authority is required to have a governing board. Together, the authority and the board are responsible for implementing a brownfield plan that identifies eligible properties* where eligible activities will be conducted. An eligible property is a facility*, blighted property*, or functionally obsolete property*.

In accordance with Act 381, as values of redevelopment brownfield properties increase, authorities are allowed to capture incremental local taxes* and school property taxes to pay for the costs associated with the redevelopment of those properties. However, with the exception of certain planning activities, DEQ and/or MEGA must approve the capture of incremental taxes levied for school operating purposes*. To request DEQ or MEGA approval, authorities must submit a work plan*, a copy of the approved brownfield plan, and other required information.

* See glossary at end of report for definition.

DEQ's approval is required for authority work plans involving environmental activities. These eligible activities include baseline environmental assessment* activities*, due care activities*, and additional response activities*.

MEGA approval is required for authority work plans involving nonenvironmental activities. These eligible activities include infrastructure improvements that directly benefit eligible property; demolition of structures not including response activities* under part 201 of the Natural Resources and Environmental Protection Act; lead or asbestos abatement; site preparation not including response activities under Section 20101 of the Natural Resources and Environmental Protection Act; relocation of public buildings or operations for economic development purposes; or acquisition of property by a land bank fast track authority if the acquisition is for economic development purposes.

The Michigan Economic Development Corporation (MEDC) performs the review of the authorities' work plans on behalf of MEGA and makes recommendations to the MEGA Board for approval or denial of the authorities' work plans.

Costs of activities approved by DEQ and/or MEGA are eligible to be recovered from State and local property taxes using TIF. TIF, as it relates to the redevelopment of brownfield properties, is the capture of increased property tax revenues resulting from the investment in, and redevelopment of, eligible property under an approved brownfield plan. Act 381 requires authorities to expend the tax increment revenue* in accordance with the approved brownfield plan.

A flowchart of the Brownfield Redevelopment Financing Program process, including a chart depicting tax increment revenue, is presented as supplemental information.

* See glossary at end of report for definition.

Audit Objectives, Scope, and Methodology and Agency Responses

Audit Objectives

Our performance audit* of the Brownfield Redevelopment Financing Program had the following objectives:

1. To assess the effectiveness* of the Brownfield Redevelopment Financing Program established under Act 381, P.A. 1996.
2. To assess the efficiency* of the operations of the Brownfield Redevelopment Financing Program established under Act 381, P.A. 1996.
3. To assess the effectiveness of the Department of Environmental Quality's (DEQ's) and the Michigan Economic Growth Authority's (MEGA's) efforts to facilitate and support the redevelopment or reuse of eligible property.
4. 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 Scope

Our audit scope was to examine the program and other records of the Brownfield Redevelopment Financing Program. We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives. Our audit procedures, conducted from February through April 2011, generally covered the period January 1, 2008 through December 31, 2010.

As part of our audit, we compiled supplemental information about the Brownfield Redevelopment Financing Program's process. Our audit was not directed toward expressing a conclusion on this information and, accordingly, we express no conclusion on it.

* See glossary at end of report for definition.

Audit Methodology

We conducted a preliminary review of the Program to formulate a basis for developing our audit objectives and defining our audit scope. Our preliminary review included interviewing staff with Program responsibilities at DEQ, the Michigan Economic Development Corporation (MEDC), and the Department of Treasury; reviewing applicable laws, rules, regulations, policies, procedures, and other information; analyzing available records and data; and obtaining an understanding of the Program's operational activities and related internal control*. We also conducted research related to brownfield activities and programs in other states.

To accomplish our first objective, we interviewed DEQ, MEDC, and Department of Treasury personnel, as well as personnel from a local brownfield redevelopment authority. We conducted research into standards and benchmarks that may be used as measures to evaluate the effectiveness of the Program. We also conducted research to determine the availability of property tax values for Program projects. In addition, we obtained and reviewed the Department of Treasury's data related to annual financial status reports submitted by brownfield redevelopment authorities and requested the Department of Treasury's annual reports required to be submitted to the Legislature.

To support the audit procedures performed related to our second, third, and fourth objectives as described in the following paragraphs, we selected 8 of 78 DEQ and 8 of 78 MEDC project files from January 1, 2008 through December 31, 2010. Our selection was designed to be representative of the number of work plans reviewed by DEQ and MEDC, respectively, during each of the three calendar years and to include both approved and denied work plans.

To accomplish our second objective, we obtained and verified the accuracy of DEQ's log used to track the work plan approval status. Also, we reviewed the 16 project files noted above and compared the documented work plan review time frames to allowable time frames according to Act 381, as amended. In addition, we reviewed DEQ and MEDC documentation and interviewed DEQ and MEDC personnel to obtain an understanding of the basis for their respective work plan review fees.

To accomplish our third objective, we interviewed DEQ and MEDC personnel; reviewed DEQ and MEDC policies and procedures; and compared the processes, policies, and

* See glossary at end of report for definition.

procedures to the requirements in Act 381. Also, we reviewed the information related to the Program available on the DEQ and MEDC Web sites. We also reviewed the work plans in the 16 project files noted above for compliance and completeness. In addition, we interviewed personnel from one brownfield redevelopment authority and obtained an understanding of the Program process at the local level.

To accomplish our fourth objective, we obtained and reviewed DEQ's and MEGA's annual reports, verified the completeness and accuracy of the reported information for the 16 project files noted above, and compared the reported information to the requirements within Act 381. Also, we reviewed DEQ's work plan approval status log to determine the reasonableness of the information reported in the annual reports submitted to the Legislature. In addition, we interviewed Department of Treasury personnel, reviewed data maintained by the Department of Treasury to obtain an understanding of the Department of Treasury's reporting requirements and processes, and requested the Department of Treasury's annual reports required to be submitted to the Legislature.

Agency Responses

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.

The agency preliminary response that follows each recommendation in our report was taken from the agencies' written comments and oral discussion subsequent to our audit fieldwork. Section 18.1462 of the *Michigan Compiled Laws* and the State of Michigan Financial Management Guide (Part VII, Chapter 4, Section 100) require MEDC and the Department of Treasury to develop a plan to address the audit recommendations and submit it within 60 days after the release of the audit report to the Office of Internal Audit Services, State Budget Office. Within 30 days of receipt, the Office of Internal Audit Services is required to review the plan and either accept the plan as final or contact the agencies to take additional steps to finalize the plan.

COMMENTS, FINDINGS, RECOMMENDATIONS,
AND AGENCY PRELIMINARY RESPONSES

PROGRAM EFFECTIVENESS

COMMENT

Background: Act 381, P.A. 1996, as amended, prescribes requirements and criteria for the Department of Environmental Quality's (DEQ's) and the Michigan Economic Growth Authority's (MEGA's) approval for brownfield redevelopment authorities to capture taxes levied for school operating purposes. In addition, Act 381 stipulates the following annual reporting requirements for the authorities, DEQ, MEGA, and the Department of Treasury:

- Authorities shall submit an annual financial status report to the Department of Treasury.
- The Department of Treasury shall collect the authorities' financial status reports, compile and analyze the information, and annually submit a summary report to the Legislature.
- DEQ and MEGA shall submit annual reports to the Legislature including:
 - (1) A compilation and summary of the information submitted by authorities for approval.
 - (2) The amount of tax increment revenues approved in the immediately preceding calendar year, including taxes levied for school operating purposes, to conduct eligible activities.

After submitting their respective annual reports to the Legislature, DEQ and MEGA have no further statutory requirements to collect or analyze information from the authorities related to redevelopment or reuse of brownfield properties.

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*. 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).

FINDING

1. Annual Report to the Legislature

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. As a result, the Department of Treasury was not in compliance with the requirements of Act 381, P.A. 1996, as amended, and we did not have sufficient performance information available to evaluate the effectiveness of the Brownfield Redevelopment Financing Program.

Our review of the Department of Treasury's processes and documentation relating to its responsibilities for the Brownfield Redevelopment Financing Program disclosed:

- a. The Department of Treasury did not collect annual financial status reports from all of the authorities. Based on our review of the Department of Treasury's data, we estimated that 227 (79.4%) of the 286 authorities had not submitted annual financial status reports from 2008 through 2010.

Sections 125.2666(3) and 125.2666(4) of the *Michigan Compiled Laws* require the authorities to submit and the Department of Treasury to collect an annual financial report on the status of activities of each authority.

The Department of Treasury maintains a form for the authorities' annual reporting purposes and has made the form available on the Department of Treasury's Web site. However, the Department of Treasury does not notify the authorities of the reporting requirement nor does it follow up with the authorities that do not submit an annual financial report.

* See glossary at end of report for definition.

- b. The Department of Treasury did not compile and analyze the required financial information submitted by the authorities.

Section 125.2666(4) of the *Michigan Compiled Laws* requires the Department of Treasury to compile and analyze the following information contained in annual reports submitted by the authorities:

- (1) The amount and source of tax increment revenues received.
- (2) The amount and purpose of expenditures of tax increment revenues.
- (3) The amount of principal and interest on all outstanding indebtedness.
- (4) The initial taxable value of all eligible property subject to the brownfield plan.
- (5) The captured taxable value* realized by the authorities.
- (6) Information concerning any transfer of ownership of or interest in each eligible property.
- (7) The amount of tax increment revenues, attributable to taxes levied for school operating purposes, used for eligible activities in Sections 125.2665(1)(a) and 125.2652(2)(m)(vii) of the *Michigan Compiled Laws*.

The form maintained by the Department of Treasury for the authorities' annual reporting purposes contains all of the preceding reporting elements, as well as whether the authority has been approved by DEQ or MEGA to capture school taxes. Although the Department of Treasury compiles some information, it does not compile the information required by parts (2) through (7). Also, our review of a sample of authority annual reports indicated that the Department of Treasury's compiled data did not always reflect the school tax capture approval status as reported by the authorities. The Department of Treasury informed us that it did not completely and accurately compile the data because of staffing shortages.

* See glossary at end of report for definition.

- c. The Department of Treasury did not submit annual legislative reports based on the authorities' financial status reports. Section 125.2666(4) of the *Michigan Compiled Laws* requires that the Department of Treasury annually submit a summary report to the Legislature. The Department of Treasury provided us with memorandums to the State Tax Commission, prepared in 2003 and 2004, that included draft report language; however, it was unable to provide evidence that these or any other reports had been submitted to the Legislature. The Department of Treasury informed us that it did not submit reports to the Legislature because of low submission rates by the authorities and staffing shortages.

Sufficient collection, compilation, and analysis of authorities' financial status reports could help determine the effectiveness of the Program by providing information related to the total amount of taxes captured by authorities and the overall increase in the property tax values of brownfield properties, which could be an indicator of whether redevelopment occurred as intended.

RECOMMENDATION

We recommend that the State Tax Commission, Department of Treasury, sufficiently collect, compile, and analyze financial status reports of the authorities and submit annual summary reports to the Legislature.

AGENCY PRELIMINARY RESPONSE

The Department of Treasury substantially agrees with the recommendation as it relates to the collection, compilation, analysis, and reporting of the brownfield redevelopment authority annual summary reports. The Department of Treasury stated that it will pursue corrective action within the confines of its resources.

EFFICIENCY OF PROGRAM OPERATIONS

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* related to work plan review fees (Finding 2).

* See glossary at end of report for definition.

FINDING

2. **Work Plan Review Fees**

MEGA and the Michigan Economic Development Corporation (MEDC) did not track the actual cost of reviewing brownfield redevelopment authorities' work plans. As a result, MEGA and MEDC could not ensure that the \$1,000 work plan review fee was sufficient to recover their costs.

Section 125.2665(18) of the *Michigan Compiled Laws* states that authorities shall reimburse MEGA for the actual cost incurred in reviewing a work plan.

MEDC administers MEGA's portion of the Brownfield Redevelopment Financing Program, including completing work plan reviews and making approval recommendations to MEGA. MEDC informed us that MEGA originally established the \$1,000 work plan review fee in 2002. MEDC revisited the fee in 2009 and decided to maintain the fee at \$1,000. However, neither MEGA nor MEDC analyzed the adequacy of the fee in comparison with actual costs incurred for work plan reviews.

RECOMMENDATION

We recommend that MEGA and MEDC track the actual cost of reviewing brownfield redevelopment authorities' work plans.

AGENCY PRELIMINARY RESPONSE

MEGA and MEDC do not agree with the recommendation. MEGA and MEDC stated that because staff perform several functions within the brownfield program beyond Act 381, P.A. 1996, it is hard to differentiate between those programs for the actual cost of reviewing the Act 381 work plans. They also stated that the number of reviews and relatively minimal funds raised by this fee do not warrant a strict reading of the statute. In addition, MEGA and MEDC stated that the \$1,000 fee was based on an estimate of actual costs from a sampling of reviews several years ago. However, MEGA and MEDC do agree to re-estimate actual costs over the next three months to determine if review costs should be recalibrated for future projects; recalibrate, if necessary; and review Act 381 fees every two years thereafter.

OFFICE OF THE AUDITOR GENERAL EPILOGUE

Although requested, MEGA and MEDC were not able to provide us with any documentation of "an estimate of actual costs from a sampling of reviews several years ago" as indicated in their response. In addition, we contend that it is fairly common practice for employees, both in the public and private sectors, to perform a number of different daily functions and to track their time, by function, for billing purposes. Finally, MEGA and MEDC's agreement to re-estimate actual costs, recalibrate the fee, and review the fee every two years thereafter is, in essence, agreement with the recommendation.

EFFECTIVENESS OF EFFORTS TO FACILITATE AND SUPPORT REDEVELOPMENT OR REUSE OF ELIGIBLE PROPERTY

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.

COMPLIANCE WITH ANNUAL REPORTING REQUIREMENTS

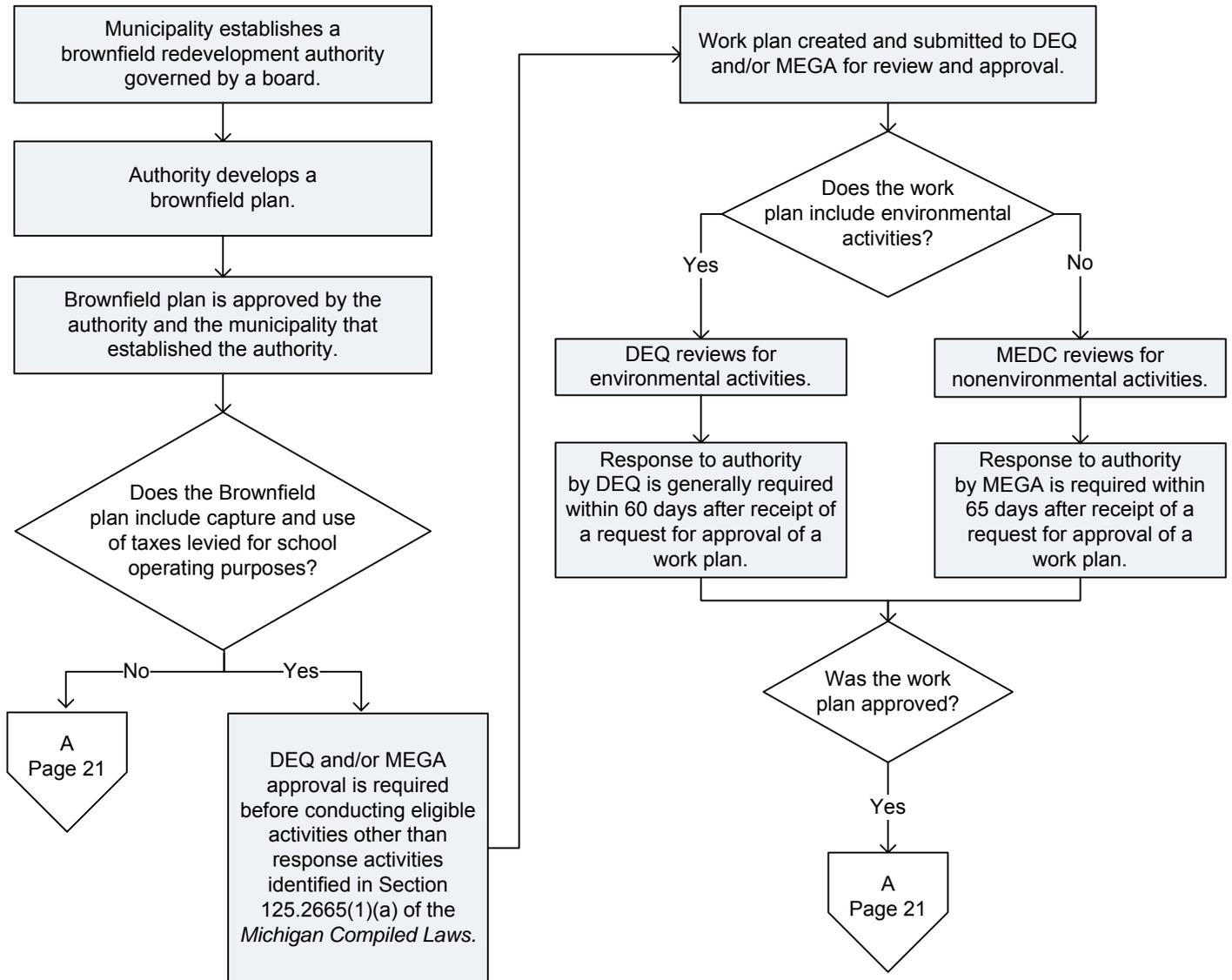
Audit Objective: To assess DEQ's, MEGA's, and the Department of Treasury's compliance with the annual reporting requirements identified in Act 381, P.A. 1996, as amended.

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. 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).

SUPPLEMENTAL INFORMATION

BROWNFIELD REDEVELOPMENT FINANCING PROGRAM
Department of Environmental Quality (DEQ)
Michigan Economic Growth Authority (MEGA)
Department of Treasury

Flowchart of the Brownfield Redevelopment Financing Program Process

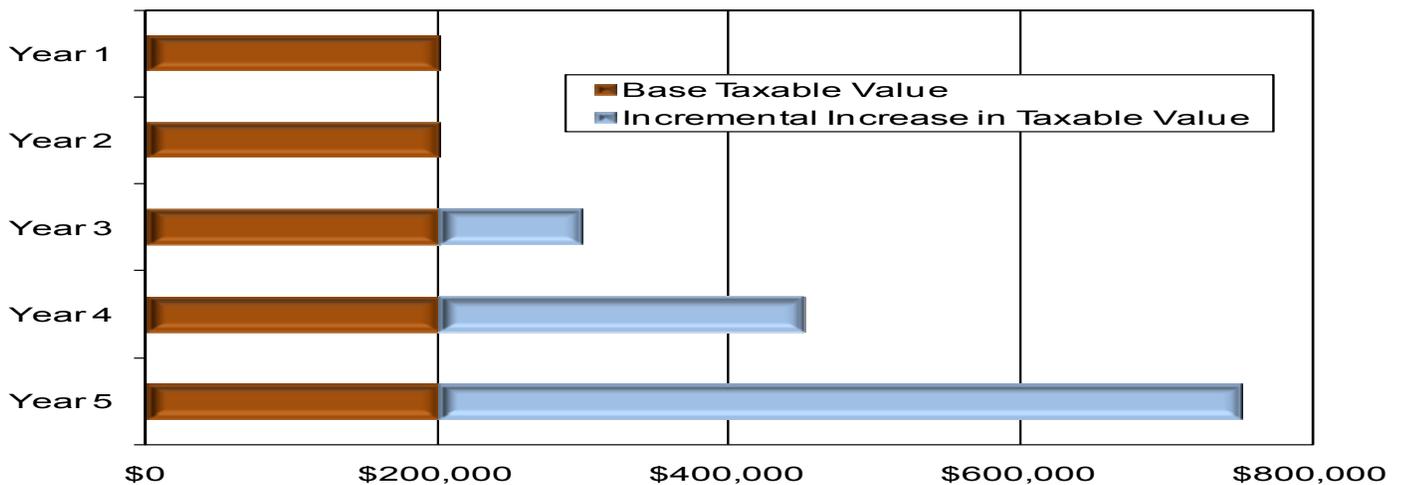
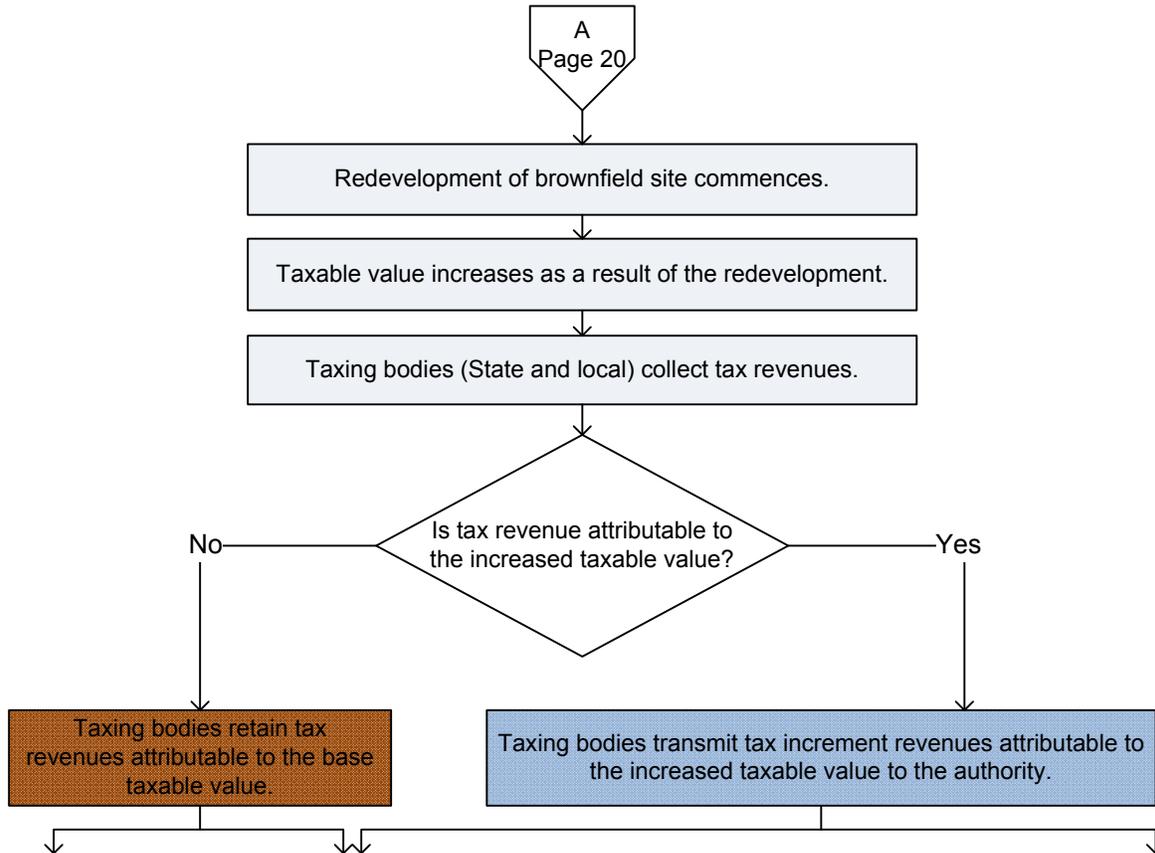


Flowchart continued on next page.

BROWNFIELD REDEVELOPMENT FINANCING PROGRAM
 Department of Environmental Quality (DEQ)
 Michigan Economic Growth Authority (MEGA)
 Department of Treasury

UNAUDITED

Flowchart of the Brownfield Redevelopment Financing Program Process
(Continued)



Source: The Office of the Auditor General prepared this supplemental information as a hypothetical example of the process as explained by the Michigan Economic Development Corporation (MEDC) and DEQ.

GLOSSARY

Glossary of Acronyms and Terms

additional response activities	Response activities identified as part of a brownfield plan that are in addition to baseline environmental assessment activities and due care activities for an eligible property.
baseline environmental assessment	A written document that describes the results of an all appropriate inquiry and the sampling and analysis to confirm that a property is a facility.
baseline environmental assessment activities	Response activities identified as part of a brownfield plan that are necessary to complete a baseline environmental assessment for an eligible property in the brownfield plan.
blighted property	Property that, as determined by the governing body, is a public nuisance; is an attractive nuisance to children; is a fire hazard or is otherwise dangerous to the safety of persons or property; has had the utilities, plumbing, heating, or sewerage permanently disconnected, destroyed, removed, or rendered ineffective so that the property is unfit for its intended use; is a tax reverted property owned by a qualified local governmental unit, by a county, or by the State of Michigan; is property owned or under the control of a land bank fast track authority under the Land Bank Fast Track Act; or has substantial subsurface demolition debris buried on site so that the property is unfit for its intended use.
brownfield plan	A plan that identifies specific brownfield properties that meets the requirements of Section 125.2663 of the <i>Michigan Compiled Laws</i> and is adopted under Section 125.2664 of the <i>Michigan Compiled Laws</i> .

brownfield properties	Abandoned, idle, or under-used industrial, commercial, public, and residential properties, often in urban areas, where expansion or redevelopment is hindered or complicated by real or perceived environmental conditions.
brownfield redevelopment authority	An agency of a local unit of government created to facilitate the implementation of brownfield plans.
captured taxable value	The amount in one year by which the current taxable value of an eligible property subject to a Brownfield plan exceeds the initial taxable value of that eligible property.
contaminated property	Any area, place, or property where a hazardous substance in excess of the concentrations that satisfy the cleanup criteria for unrestricted residential use has been released, deposited, disposed of, or otherwise comes to be located.
DEQ	Department of Environmental Quality.
due care activities	Response activities identified as part of a brownfield plan that are necessary to allow the owner or operator of an eligible property in the plan to comply with the requirements of Section 20107a of the Natural Resources and Environmental Protection Act, Act 451, P.A. 1994.
effectiveness	Success in achieving mission and goals.
efficiency	Achieving the most outputs and outcomes practical with the minimum amount of resources.
eligible activities	Activities identified as eligible according to Section 125.2652(m) of the <i>Michigan Compiled Laws</i> , such as baseline environmental assessment activities, due care activities, additional response activities, infrastructure improvements, lead or asbestos abatement, and site preparation.

eligible property	Property for which eligible activities are identified in a brownfield plan that was used or is currently used for commercial, industrial, public, or residential purposes, including personal property located on that property, to the extent included in the brownfield plan, and that meets the requirements of Section 125.2652(n) of the <i>Michigan Compiled Laws</i> .
facility	Contaminated property as defined in Section 324.20101 of the <i>Michigan Compiled Laws</i> (Section 20101, Act 451, P.A. 1994).
functionally obsolete property	Property that is unable to be used to adequately perform the function for which it was intended due to a substantial loss in value resulting from factors such as overcapacity, changes in technology, deficiencies or superadequacies in design, or other similar factors that affect the property itself or the property's relationship with other surrounding property.
goal	An intended outcome of a program or an agency to accomplish its mission.
internal control	The plan, policies, methods, and procedures adopted by management to meet its mission, goals, and objectives. Internal control includes the processes for planning, organizing, directing, and controlling program operations. It includes the systems for measuring, reporting, and monitoring program performance. Internal control serves as a defense in safeguarding assets and in preventing and detecting errors; fraud; violations of laws, regulations, and provisions of contracts and grant agreements; or abuse.
local taxes	All taxes levied other than taxes levied for school operating purposes.

material condition	A reportable condition that could impair the ability of management to operate a program in an effective and efficient manner and/or could adversely affect the judgment of an interested person concerning the effectiveness and efficiency of the program.
MEDC	Michigan Economic Development Corporation.
MEGA	Michigan Economic Growth Authority.
performance audit	An economy and efficiency audit or a program audit that is designed to provide an independent assessment of the performance of a governmental entity, program, activity, or function to improve program operations, to facilitate decision making by parties responsible for overseeing or initiating corrective action, and to improve public accountability.
qualified local governmental unit	A city, township, or village that meets the criteria defined in the Obsolete Property Rehabilitation Act, Act 146, P.A. 2000.
reportable condition	A matter that, in the auditor's judgment, falls within any of the following categories: an opportunity for improvement within the context of the audit objectives; a deficiency in internal control that is significant within the context of the objectives of the audit; all instances of fraud; illegal acts unless they are inconsequential within the context of the audit objectives; significant violations of provisions of contracts or grant agreements; and significant abuse that has occurred or is likely to have occurred.
response activity	The evaluation, interim response activity, remedial action, demolition, or taking of other actions necessary to protect the public health, safety, or welfare; the environment; or the State's natural resources.

tax increment financing (TIF)	Financing that allows a brownfield redevelopment authority to capture any increases in the property taxes paid on eligible property, under an approved brownfield plan, which is caused by an increase in the value of the property after brownfield redevelopment.
tax increment revenue	The amount of ad valorem property taxes and specific taxes attributable to the application of the levy of all taxing jurisdictions upon the captured taxable value of each parcel of eligible property subject to a brownfield plan and personal property located on that property.
taxes levied for school operating purposes	Taxes levied by a local school district for operating purposes, taxes levied under the State Education Tax Act, Act 331, P.A. 1993, and that portion of specific taxes (as defined by the Act) attributable to these taxes.
work plan	A plan that describes each individual activity to be conducted to complete eligible activities and the associated costs of each individual activity.

