

## SmartZone Overview

### **History**

The Michigan SmartZone program was started in 2005 as a tool to spur technology development and business creation. SmartZones are specific geographic areas recognizing that technology professionals and companies demand certain amenities and support services that are unlike other industries. In SmartZone areas, unique technology development, entrepreneurial support and infrastructure are available to meet the needs of growing technology companies.

Currently, 15 SmartZones exist in Michigan. All SmartZones have a strong university connection and contain some type of business incubator/accelerator and technology consultation support.

Ottawa County currently does not participate in this program. Designation of a SmartZone, by the Michigan Economic Development Corporation (MEDC), allows an approved region to create a Local Development Financing Authority (LDFA) board to utilize the approved tax capture mechanism that captures incremental increases in certain taxes. This tool does not capture any existing taxes or have the ability to levy additional taxes.

The increment or increase in real and personal property taxes after the zone is created, including the State Education Tax (SET) are collected and utilized to create and finance infrastructure, services and support that help develop technology industries within the community. This is unlike any other tax capture tool. While it allows a region to capture SET, it also ensures schools are left unharmed by the replacement of SET funds, on a dollar for dollar basis, with the School Aid Fund by the Michigan Department of Treasury. The resources collected by the LDFA must be used for infrastructure construction, acquisition of property, marketing, promotion and development of high technology support services.

### **Grand Rapids SmartZone**

In April, Lakeshore Advantage and the Michigan State University Bioeconomy Institute (MSUBI) were approached by the city of Grand Rapids to consider becoming a satellite SmartZone. Currently, no new SmartZone designations are available. The only way a region can utilize the tax tool is by collaborating with an existing SmartZone and being approved for satellite status. Only three new satellite zones will have the ability to capture SET. Currently, six SmartZones are exploring satellites.

The satellite zones have a commitment to work with the partner zone on joint projects of interest. A notice of intent to consider collaboration is due to the MEDC by September 30, 2014. No exchange of resources or control of revenue collected in either zone is required in the partnership agreement.

The city of Grand Rapids SmartZone designation will expire in two years. By partnering with a satellite, Grand Rapids will have the ability to extend the life of their existing zone, and the resulting tax capture within their zone, for an additional 15 years. The city is currently collecting \$1.3 million per year in the Grand Rapids SmartZone.

### **Due Diligence**

The Lakeshore Advantage team and Michigan State University Bioeconomy Institute (MSUBI) team have been exploring the pros and cons of a satellite SmartZone over the past two months.

The overall reaction to the potential creation of a satellite SmartZone, from both private and public sector leaders has been very positive. Utilization of the satellite designation could allow our community to:

1. Support revitalization of the Lake Macatawa waterfront area
2. Elevate MSUBI status and support of the community as our regional technology hub
3. Spur further regional collaboration .

We also found some items of concern:

1. All satellite SmartZones must commit \$200,000 a year for five years for SmartZone operations. In reviewing the requirement, we have found that approximately \$100,000 of activity and staff in Lakeshore Advantage's existing budget meets the MEDC's requirements. About \$100,000 in additional support for five years must be secured.
2. Creation and administration of the required LDFA will cost about \$35,000 in consultant and attorney fees. We do not have these funds in existing budgets. We do have a verbal commitment from MSU to help pay for some of those costs.
3. A minimum of one additional FTE will be needed primarily for administrative oversight and working with the participating local units of government and the MEDC on plans to develop the region.

## MICHIGAN SMARTZONES

SmartZones<sup>SM</sup> provide distinct geographical locations where technology-based firms, entrepreneurs and researchers locate in close proximity to all of the community assets that assist in their endeavors. SmartZone technology clusters promote resource collaborations between universities, industry, research organizations, government and other community institutions, growing technology-based businesses and jobs. New and emerging businesses in SmartZone technology clusters are primarily focused on commercializing ideas, patents and other opportunities surrounding corporate, university or private research institute R&D efforts.

### TECHNOLOGY BUSINESS ACCELERATION AND INCUBATION

Michigan's 15 SmartZones include technology business accelerators that provide the services identified below and help facilitate the commercialization of technology emerging from research in Michigan universities and private companies. Accelerators mine technology from universities and private enterprise, assist companies and entrepreneurs in building business structures around the technology, conduct product development and help companies secure necessary start up financing. The SmartZones are also home to incubation facilities providing office and wet lab space to technology companies.

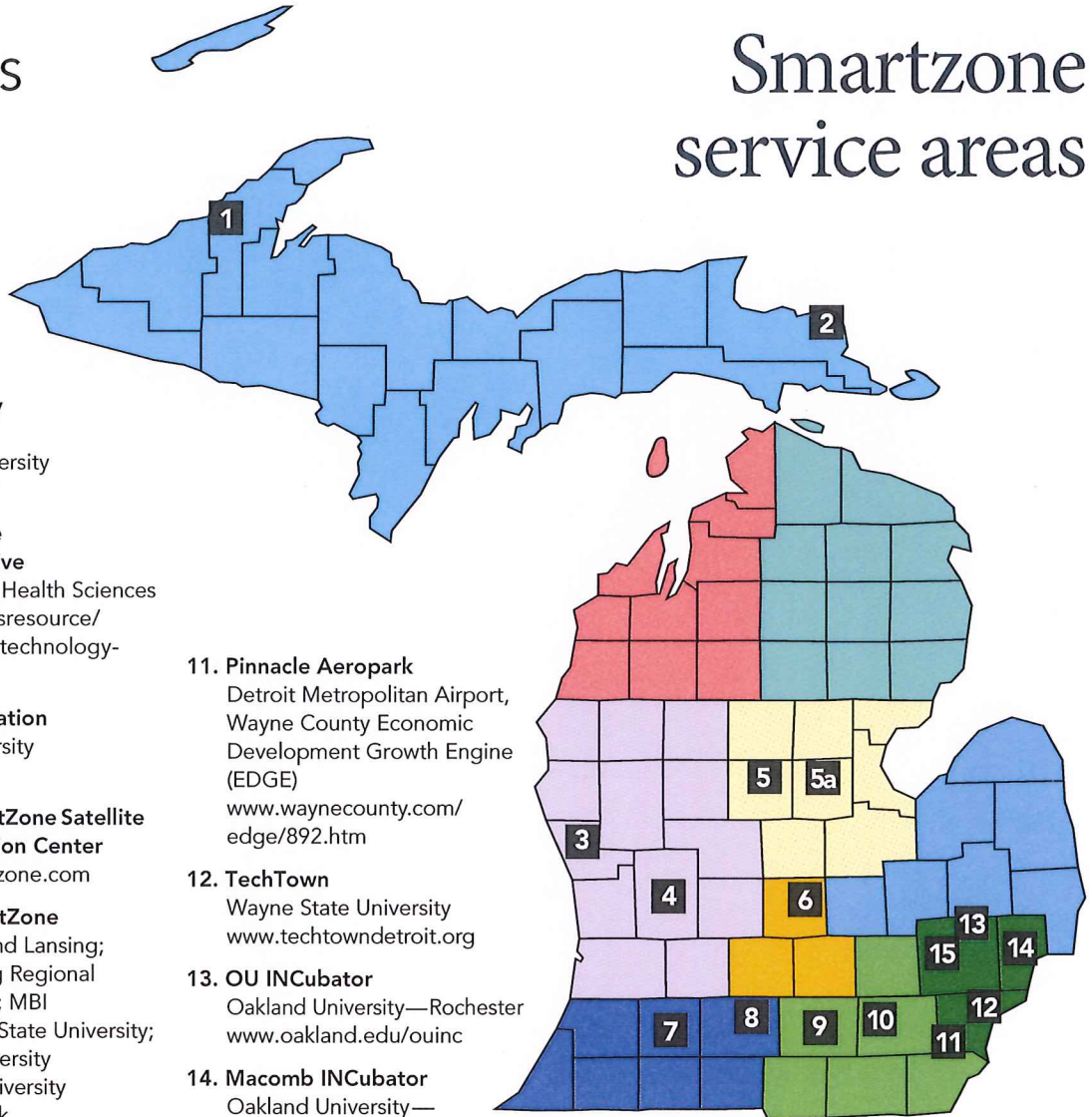
Business accelerator services include, but are not limited to:

- Business development mentoring
- Networking events
- Business feasibility studies
- Business planning
- Entrepreneurial training
- Grant writing
- Incubator and wet lab space
- Management recruitment
- Market analysis
- Product development
- Small Business Innovation Research (SBIR) assistance
- Small Business Technology Transfer (STTR) assistance
- Technology assessments
- Technology mining
- Venture capital preparation and introductions
- Incubators:
  - Automation Alley
  - Bizdom Detroit
  - MLSIC Plymouth
  - Grand Rapids Current
  - SMIC Kalamazoo
  - SPARK East Ypsilanti
  - Tech Town Detroit
  - MTEC Houghton
  - Macomb OU Incubator
  - Technology Innovation Center East Lansing
  - CMU Research Corporation
  - Mid-Michigan Innovation Center Midland
  - MAREC Muskegon
  - Lakeshore Advantage Holland
  - OU Incubator Rochester Hills

For further information, contact the MEDC Customer Contact Center at 517.373.9808.

# SMARTZONES

# Smartzone service areas



1. **MTEC SmartZone**  
Michigan Technological University  
[www.mtecsz.com](http://www.mtecsz.com)
2. **Sault Ste. Marie**  
Lake Superior State University  
[www.ssmartzone.com](http://www.ssmartzone.com)
3. **Michigan Alternative and Renewable Energy Center**  
Grand Valley State University  
[www.gvsu.edu/marec](http://www.gvsu.edu/marec)
4. **West Michigan Science and Technology Initiative**  
Cook-DeVos Center for Health Sciences  
[www.gvsu.edu/businessresource/west-michigan-science-technology-initiative-5.htm](http://www.gvsu.edu/businessresource/west-michigan-science-technology-initiative-5.htm)
5. **CMU Research Corporation**  
Central Michigan University  
[www.cmurc.com](http://www.cmurc.com)
- 5a. **Mount Pleasant SmartZone Satellite MidMichigan Innovation Center**  
[www.mtleasantsmartzone.com](http://www.mtleasantsmartzone.com)
6. **Lansing Regional SmartZone**  
Cities of East Lansing and Lansing; Ingham County; Lansing Regional Chamber of Commerce; MBI International; Michigan State University; the Michigan State University Foundation; and the University Corporate Research Park  
[http://edc.lansingmi.gov/modules.php?name=Pages&sp\\_id=244&smenu\\_id=168](http://edc.lansingmi.gov/modules.php?name=Pages&sp_id=244&smenu_id=168)
7. **Southwest Michigan Innovation Center**  
Western Michigan University  
[www.kazoosmic.com](http://www.kazoosmic.com)
8. **Battle Creek Unlimited**  
Western Michigan University and Kellogg Community College  
[www.bcunlimited.org](http://www.bcunlimited.org)
9. **Jackson Technology Park**  
Baker College, Jackson Community College and Spring Arbor University  
[www.enterprisegroup.org](http://www.enterprisegroup.org)
10. **Ann Arbor SPARK**  
University of Michigan and Eastern Michigan University  
[www.annarborusa.org](http://www.annarborusa.org)

11. **Pinnacle Aeropark**  
Detroit Metropolitan Airport, Wayne County Economic Development Growth Engine (EDGE)  
[www.waynecounty.com/edge/892.htm](http://www.waynecounty.com/edge/892.htm)
12. **TechTown**  
Wayne State University  
[www.techtowndetroit.org](http://www.techtowndetroit.org)
13. **OU INCubator**  
Oakland University—Rochester  
[www.oakland.edu/ouinc](http://www.oakland.edu/ouinc)
14. **Macomb INCubator**  
Oakland University—Macomb  
[www.oakland.edu/macombouinc](http://www.oakland.edu/macombouinc)
15. **Automation Alley**  
Lawrence Technological University and Oakland University  
[www.automationalley.com](http://www.automationalley.com)

## REGIONS









- |   |  |
|---|--|
|  <b>Upper Peninsula region</b> |  <b>East Michigan region</b>      |
|  <b>Northwest region</b>       |  <b>South Central region</b>      |
|  <b>Northeast region</b>       |  <b>Southwest Michigan region</b> |
|  <b>West Michigan region</b>   |  <b>Southeast Michigan region</b> |
|  <b>East Central region</b>    |  <b>Detroit Metro region</b>      |

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PURE MICHIGAN®

08/22/14	Holland Charter Township and city of Holland agree on preliminary SZ boundaries and draft SmartZone satellite work plan
08/22/14	Draft SZ satellite plan completed
08/25/14	Draft SZ satellite plan presented to Lakeshore Advantage Board
09/03/15	Holland Charter Township and city of Holland staff agree on preliminary SZ boundaries
<b>09/03/14</b>	<b>City of Holland adopts resolution of intent to form LDFA and sets date and time of public hearing per Public Act 281</b>
09/04/14	City of Holland required notification 1) letter to SZ property owners via 1st class mail 2) publish notice of public hearings 2 times in general circulation newspaper 3) sends notices to taxing units via certified mail. All notices to be no more than 20 days nor less than 40 days prior to meeting on proposed SZ District in the City of Holland
<b>09/04/14</b>	<b>Holland Charter Township adopts resolution of intent to form LDFA and sets date and time of public hearing per Public Act 281</b>
09/05/14	Holland Charter Township required notification 1) letter to SZ property owners via 1st class mail 2) publish notice of public hearings 2 times in general circulation newspaper 3) sends notices to taxing units via certified mail. All notices to be no more than 20 days nor less than 40 days prior to meeting on proposed SZ District in the Holland Charter Township
09/05/14	Assessors of each municipality identify appropriate property owners and estimate tax capture
09/26/14	Chief elected officers of municipalities agree on 7 LDFA board seats
10/04/14	West Ottawa and Holland Public Schools send letters to LDFA board appointing two seats per district. Seats only vote on issues related to their districts.
<b>10/01/14</b>	<b>City of Holland holds public hearing and adopts resolution 1 ) creating joint authority creating district 2) the district boundaries 3) appoint LDFA board seats 4) accept recommended school district representative</b>
<b>10/02/14</b>	<b>Holland Charter Township holds public hearing and adopts resolution 1) creating joint authority creating district 2) the district boundaries 3) appoint LDFA board seats 4) accept recommended school district representative</b>
<b>10/03/14 *</b>	<b>Special meeting - County of Ottawa adopts resolution creating LDFA authority and appoints LDFA board seat</b>
10/03/14	Public Notice of Holland LDFA Board Meeting (posted at meeting location, Holland city hall and Holland Township hall)
<b>10/06/14</b>	<b>Holland LDFA board convenes to adopt 1) rules of procedure 2) elect officers 3) set regular meeting dates 4) approve collaboration agreement w/ Grand Rapids</b>
<b>10/07/14</b>	<b>City of Grand Rapids commission meeting to Approve Holland LDFA Satellite Agreement</b>
10/08/14	Holland LDFA provides executed satellite agreement (with resolutions) to MEDC to amend the original SZ designation agreement to include the satellite

-  Lakeshore Advantage
-  Holland Charter Township
-  City of Holland
-  Ottawa County
-  Combined
-  Holland Public and West Ottawa Schools
-  Holland LDFA
-  City of Grand Rapids

\* Indicates a special County meeting to comply with any public notice requirements. If there are none the approval can be completed at the regular 10/14/14 meeting

**BOLD = Public Hearing**