# CLIENT ALERTS

## MEDC Offers Relief to Meet Tax Incentive Milestones

4.14.2020

On April 14, 2020, the Michigan Strategic Fund ("MSF") Board approved the establishment of the Michigan Strategic Fund Awardee Relief Initiative (the "Initiative") for one year that allows the Michigan Economic Development Corporation ("MEDC") to provide relief to companies that have loans or grants from the MSF.

The MSF Board acknowledged that the economic pressures caused by the COVID-19 pandemic are already being realized by recipients of MSF incentives. Awardees have contacted MEDC staff with concerns about cash flows and the ability to meet milestones and other project deadlines. Under the Initiative, MEDC staff can provide emergency relief to MSF awardees who have borrowed funds, received grant awards, were supported with equity investments or received other forms of economic assistance from the MSF.

The Initiative authorizes staff to approve the following:

1) deferred payments on any direct loan, loan participation, equity agreement or other financing agreement up to twelve (12) months;

2) extension of due dates within existing loan, grant, or equity agreements up to exceed twelve (12) months;

3) refinance requests that do not negatively impact the MSF position or likelihood of repayment;

4) extension of loan, grant, or equity agreement execution deadlines up to twelve (12) months; and

5) eliminate milestones and reducing qualified new job requirements with a proportional reduction of the grant award, in order to re-size the project scope.

## Related Services

Tax

To qualify for the relief, a company must be, and remain, current on all MSF Agreement reporting requirements. Also, owner distributions beyond normal payroll will be prohibited during the deferment period, unless necessary to cover the taxes of the company or project.

For more details, contact your Butzel Long attorney or the author of this Alert.

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