Task force recommends EDC for county

By TOM LONERGAN

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A county task force will recommend
that an Oakland County Economic Development Corp. (EDC) be created.
EDCS, first permitted by state law
five years ago, allow local units of govermment to help businesses obtain financing for expansion.
Late last year, a group of five businessmen, all members of the North
Oakland Chamber of Commerce, requested the county consider an EDC.
County Executive Daniel Murphy appointed a task force, which earlier this
week decided to recommend Murphy
propose establishing an EDC.

THE TASK FORCE is expected to officially make the recommendation to Murphy by the second week of June. Murphy's recommendation is subject to approval by the county board of com-

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An EDC can float low-interest, tax-exempt bonds on behalf of a business which needs capital investment money. A bank or other financial institution, which enters into an EDC arrangement, would purchase the bonds at a lower than market interest rate (2 to 3 percent). Over the term of an agreement (20 to 30 years), the business pays the bonds back through the EDC. The bank's interest income derived from bank's interest income derived from the bond purchase is exempt from fedthe bond purchase is exempt from fed-eral income taxes. According to Jeff Kaczmarek, an as-

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sistant planner with the county and advisor to the EDC Task Force, EDCs were designed to benefit small to medium industrial and commercial businesses — those and commercial businesses— those supported on the control of the control

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An EDC may float up to \$10 million in bonds. But Kazmarek said that since 1974, when EDCs were first set up, most bonds issued have been in the \$100,000 to \$1 million range.

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THE EDG BENEFIT for communities, Kaczmarek said, is more jobs and an increased tax base.

But several township supervisors at a task force meeting Monday in Pontiace said they feared a county EDC would take away some local control.

"Poople are scared every time the next higher level of government gets into anything," said James Reid, supervisor of White Lake Township.

Task force members emphasized that state law gives local governments; the final say over any EDG project in their area, including tax shatements an EDC may recommend.

While an EDC could not grant a property tax break for a business, Kaczmarek explained it could propose one in conjunction with EDC financing.

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as the City of Detroit has done. The fi-nal decision on a tax break is the local government's, he added. Tax breaks for industrial and commercial businesses are allowed by state law.

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EIGHT LOCAL governments in Oakland County have EDCs, including Pontiac, Aron and Waterloon, the Oakland County have Deck on the Oakland County have and the City of Walled Lake. Pour nunicipalities are considering them.

The effect a county EDC would have on local EDCs is not clear.

Task force member Harriet Rotter, Task force member Harriet Rotter, a lawyer from Farmington Hills, said it may not be practical for local EDCs to continue "If the county is doing its job."

And while several task force mem-

bers said it's not the county's intent to have an EDC in competition with local EDCs, that's what worries Pontiac Township Supervisor Robert Grusnick.

Rather than create an EDC, Grusnick said, the county should have a department to "lure industrial and commercial businesses." That depart-ment would direct businesses to a local EDC "to handle the project," he said.

TASK FORCE members said the advantage of a county EDC would be a larger staff plus a broader base from which to select an EDC board.

If an EDC is created, a minimum ine-member standing board would be

appointed by the county exective with county board approval. Three of the nine EDC board members would be county government officials. Others, according to Kaczmarek, could be drawn from other areas such as financial, institutions, developers, lawyers and planners.

would still have to meet all the local zoning and other requirements. Catherine Cartwright, of the state commerce department's office of eco-

county government officials. Others, according to Racamark, could be added from an area for which project is being considered.

The EDC board would be primarily involved with the financing of a project, task force embers said. New developments and business expansions







