

Agency pushes to reform development acts

By Tom Henderson
staff writer

The state Department of Commerce is pushing to limit the authority of local communities to use Downtown Development Authorities and Tax Increment Financing Authorities.

"There are instances in which the local government's use of TIFAs is at best marginal in terms of economic impact," Lou Glazer, deputy director of the state Department of Commerce, told a House subcommittee last week.

Glazer said "it makes sense" in some instances to prohibit the use of DDAs and TIFAs in order to "return taxes to the schools."

The use of authorities to finance public improvements in business and commercial districts has come under increasing fire by school districts who have objected to loss of operating revenue.

UNDER A 1975 state law, cities can create downtown development authorities which divert taxes from areas that normally would go to the cities and school districts to pay for public improvements in "faltering downtown areas."

In theory, Glazer said, the improved central business district gen-

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— Lou Glazer
deputy director
commerce department

erates more growth, thereby increasing the tax base and operating revenue for local government units.

A similar 1980 law allows use of TIFAs, which are intended to revitalize manufacturing zones rather than downtown areas.

Glazer said that both laws were being abused.

Statewide, Glazer estimated, TIFAs result in the loss of \$15 million in property-tax revenues.

"And that's a very rough guess," he said. "We just don't know because there are no provisions for reporting in the current law. We don't know how many there are or the money involved."

GLAZER SAID he is gathering support from legislators to adopt laws which would more narrowly define a downtown area and limit TIFAs to manufacturing and industrial applications.

"You've got somebody saying 'This corridor's gonna be our downtown.' Well, we want to define downtown not just as some intersection but as a downtown area the way you and I commonly think of it," Glazer said.

"We would restrict TIFAs to industrial and manufacturing services only," Glazer said. "They're not to be used for office, commercial or retail expansion."

Because both downtown development authorities and TIFAs divert money from schools, their use has resulted in lawsuits and threats of lawsuits by school districts.

FARMINGTON HILLS had planned to use tax increment financing to pay for a \$18.5 million road improvement of 12 Mile Road, west of Farmington.

The Farmington school district questioned the legality of such a use and asked for a state legal opinion. State Attorney General Frank Kelley in January declared the use of a TIFA illegal because the 12 Mile area did not qualify as an area in

decline or economic distress. Farmington Hills dropped the idea of using the TIFA for 12 Mile.

In Beverly Hills, village leaders are proceeding with a plan to finance a downtown development authority through property-tax collections, beginning in July.

The Birmingham Board of Education opposes the plan because almost two-thirds of the money which would be used for landscaping, storm sewers and other public works improvements would be school taxes.

The city of Westland and the Liv-

onia School District recently worked out an agreement that allows creation of a TIFA district to fund local roadwork. The roads would open up hundreds of acres of vacant land for commercial and office development.

IF GLAZER HAS his way the lawsuits challenging the use of TIFAs and DDAs may become moot.

Glazer, who appeared before the tax statement subcommittee of the House Urban Affairs Committee, suggested that downtown development authorities should be restricted

to a specific business area which has the community's principal businesses.

The area should comprise a sizeable percentage of the geographic area of the community and include at least 10 businesses, he suggested. He also recommended that authorities should include representatives of the local school districts.

"We're just in the stage of getting reports drafted," said Glazer Tuesday. "The hope is that within the next couple of weeks that we'll actually have bills drafted."

OCC ups pay of part-time staff

Oakland Community College has upgraded the status of some 400 part-time instructors, giving them a pay boost and the title of "adjunct" faculty.

"They are not like graduate assistants (at the university level) or substitute teachers (K-12)," said Chancellor R. Stephen Nicholson.

The board of trustees gave enthusiastic 7-0 approval to the package of pay increases and perks.

PART-TIME faculty are not represented by the OCC Faculty Forum, a Michigan Education Association affiliate that represents the 300 full-time faculty. OCCFA is currently in negotiations with the college.

"A basic assumption regarding part-time faculty is that their employment at OCC is never considered to be their sole source of income," Nicholson said.

"We assume these faculty have full-time jobs, benefits and retire-

ment from their primary employer." The package of improvements was worked out by a council that includes the presidents of the four campuses.

THE CHANGES:

- They will be called "adjunct" instead of "part-time" faculty.
- A fifth step will be added to the

salary scale. Top step will be paid \$360 a semester credit hour, up \$45 from the current top step.

• Other steps will be increased \$3 per credit hour.

• They, their spouses and families will be reimbursed for tuition for courses taken at OCC upon successful completion of classes.

• They will be listed in the college catalog and telephone directory.

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