

Hills seldom grants industrial tax breaks

Continued from Page 1

opment Corporation (EDC) Chairman Robert McConnell agrees. The EDC handles all tax abatement applications, although final decisions rest with the city council.

"We feel we have a lot to offer," McConnell said. "There are so many advantages the city offers this community."

IN ITS 12-year history as a city, Farmington Hills has issued only two industrial facilities exemption certificates — both for 12 years, the maximum.

The long-established businesses — Diamond Automation, 23400 Haggerty, and Ingersoll Rand Automatic Production Systems, 23400 Halsted — received tax breaks in 1981 when company officials considered moving from the city to expand operations, Costick said.

"In each case, consideration was given (by company officials) to removing their operations," Costick said. The tax abatement certificates were given "as an inducement to encourage them to stay."

To help stimulate industrial renovation, expansion and development, the state Legislature in 1974 authorized the use of industrial tax breaks. It made them subject to the state Tax Commission's approval.

Under state law, a local government may grant a tax break of 50 percent for up to 12 years on any new building and land improvements as well as on any taxable personal property acquired new during the construction phase. It also may freeze the property assessment of a firm rehabilitating an obsolete plant.

IN CONSIDERING the requests of Diamond Automation and Ingersoll Rand, thought was given to the probable negative impact their leaving the community would have on the city's tax base, Costick said.

Since that time, the EDC has received no more than 10 applications

for industrial tax abatements, McConnell said. The EDC recommended approval of a request for only one other tax break. But that company later withdrew its request, he added.

Despite the slim number of requests, Farmington Hills may appear stingy when its tax-break record is compared with other communities. Since 1974, a total of 3,937 industrial tax-abatement certificates have been issued in 587 Michigan cities, townships and villages, said Janet Cox, public information officer for the state Tax Commission.

With 29 tax-abatement certificates issued Rochester Hills leads the pack in Oakland County followed by Ferndale with 23. Cox said. Rochester and Troy have both issued 12, Oak Park 11.

OF THE communities bordering Farmington Hills, Livonia has issued 14 certificates. Southfield, Novi and West Bloomfield have issued none, Cox said.

A company's request for tax breaks is recognized by city officials as good business practice, McConnell said. But there's a flip side to the city's posture. "We feel we've got a lot to offer," McConnell said.

A relatively low 8.8-mill tax rate and a good location are considered the city's two top drawing cards for business. The two positive features weaken the city's need to offer tax breaks as an incentive, Costick and McConnell agreed.

The city's tax rate — in itself — is considered a savings when compared with other communities such as Southfield, for example, which has an 18-mill tax rate, Costick said.

"We're already offering tax abatement in that sense," he added.

Many companies that have relocated in Farmington Hills, particularly along the 12 mile commercial corridor west of Orchard Lake Road, have done so because of the proximity to freeways leading to Detroit Metropolitan Airport, Lansing, Chicago and throughout the state, Costick said.

BECAUSE FARMINGTON Hills is growing so fast, greater demand is being placed on the city's road, sewer and water system, Costick said.

"The new growth puts a new demand on city services," he added. "We're at a point where the external sources of financing are becoming less and less available. We're in a situation of declining grants and aid from federal and state government."

Tax revenue provided through the city's growing commercial and industrial tax base is needed to keep up with

the demand on city services, Costick said. To give a lot of tax breaks would inevitably create a burden on city coffers at a time when demand for city services is growing, he added.

The relatively high standard of living in Farmington Hills and the Farmington Public Schools are also considered drawing cards for inducing business into the city, McConnell said.

Although only two industrial tax abatement certificates have been issued, EDC members carefully scrutinize each application they receive, McConnell said.

WHAT MEMBERS keep in mind, however, is the need to avoid what McConnell calls the "domino effect." That happens when cities reach a point where many tax breaks have been given to a variety of businesses and it becomes increasingly difficult to deny requests.

That's why McConnell prefers offering EDC financing to new and existing businesses. To date, the EDC has issued

\$90 million worth of tax-exempt bonds, with another \$40-\$50 million under consideration, McConnell said.

"We are very careful about who we grant this to," he added.

With EDC financing, a business owner can finance projects at a reduced cost because the purchaser of bonds does not have to pay state or federal taxes on the interest earned.

Picnic set

The annual Detroit Country Day Alumni and Family Tail-Gate Picnic will ring in the school year Saturday at the main campus on 13 Mile and Lahser, Beverly Hills.

Festivities will begin at 9:30 a.m. with a Fun Run. On the morning menu are a fair for the young set, including face painting, games and moon walk; soccer and powder puff football for the middle and upper school students; and the annual alumni-variety competitions in field hockey and soccer.

The Country Day-University of Detroit High School football game will kick off at 1:30 p.m.

Half-time ceremonies will include the crowning of this year's Homecoming Queen and Court.

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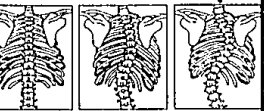
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Focus is small business

U.S. Rep. William Broomfield, R-Birmingham, reports that the Michigan White House Conference on Small Business will be held Friday at the Hyatt Regency-Dearborn.

The state conference will be a one-day program, which will include an opening session, issue workshops and delegate election for the National Conference. Workshops will focus on a broad range of issues important to small businesses such as procurement, economic policy and trade.

"As a senior member of the House Small Business Committee, I invite all small business men and women of Michigan to attend. As someone who has worked hard to ensure that small business receives the recognition and

attention it deserves, my belief is that this conference is an important event which will allow small businesses in the 18th Congressional District and the rest of Michigan to stand up and be counted," said Broomfield, whose district includes the Farmington area.

This conference will be held prior to the national conference, which will take place in Washington, D.C., in August of 1986. The cost of the Dearborn conference has been set at \$16 per person. This fee includes \$10 for the sessions and \$25 for meals. Pre-registration is preferred but not necessary.

If you would like application materials or if you have any further questions, contact Broomfield in Birmingham at 642-3800 or in Washington at 1-202-225-6135.

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| FRIDAY | 10 a.m.-5 p.m., Informal Anne Klein II Show. 11 a.m.-4 p.m., Paris fragrance sampling. 11 a.m.-4 p.m., Accessory Show. Joan Emde. 12 Noon-4 p.m., Estée Lauder cosmetic consultant Deede Hassinger. 2 p.m., Formal Anne Klein II Show. Collection Sportswear. |
| SATURDAY | 11 a.m.-3 p.m., Herbal Vinegar sampling. Sweets & Treats. 11 a.m.-4 p.m., Anne Klein fragrance sampling. 12 Noon-4 p.m., Clinique make-up consultations. |

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