

# GOP hopefuls split on tax abatements

By Tim Richard  
staff writer

The four Republicans running for governor are sharply split over whether Michigan should continue to give property tax breaks to new business construction.

Businessman Richard Chrysler likes them. His Cars & Concepts headquarters in rural Livingston County benefited from one.

State Rep. Colleen Engler supports much of a reform bill favored by city officials.

Oakland County Executive Daniel T. Murphy said "we wouldn't need 'em at all" if the state were competitive.

Wayne County Executive William Lucas sees abatements as harmful and would like a drastic modification.

CITIES AND townships may grant property tax abatements of 50 percent for 12 years to lure new businesses.

Many delegates to the Southeast Michigan Council of Governments look at abatements as "greenmail." They fear they are giving away the tax revenue they need to serve those new businesses.

Two reform ideas are being discussed by legislators: 1) Limiting use of abatements to older cities for redevelopment, or to cities which have had vacant land zoned for business for many years; 2) giving abatements only to primary employers like industrial plants, not to secondary employers like hotels and hamburger stands.

In one instance, the new city of Auburn Hills has found itself the defendant in a lawsuit brought by the old city of Pontiac for using an abatement to win a new stadium that would lure away a major sports tenant from Pontiac's Silverdome.

CHRYSLER WAS asked about abatements in a televised debate sponsored by the League of Women Voters.

"Abatements don't cost the taxpayers any money at all," said the 43-year-old businessman. He said his company was paying \$12,000 a year in taxes on a vacant parcel when the Green Oak Township board awarded him an abatement in November 1984.

"By 1998 we will have paid \$120,000 in taxes for the headquar-



Chrysler

Engler

Murphy

Lucas

ters building, and it added 179 new jobs to the economy," he said.

His rivals in the Aug. 5 primary had no chance to answer and were interviewed separately by this newspaper.

ENGLE, A fourth-term state representative from Mount Pleasant, favored allowing older cities to use abatements for redevelopment.

But as for limiting them to industrial projects, Engler, 34, said, "No — hamburger stands are needed in inner cities, too."

Murphy, 62, said he wouldn't limit abatements — "I'd do away with them completely."

"We need to reform workers comp, unemployment comp, liability insurance and some of those things. If we could get competitive, we wouldn't need 'em at all."

LUCAS DISPUTED Chrysler's contention that abatements cost nothing.

## Ford's \$100,000 to clean Rouge

Ford Division of Ford Motor Co. has given \$100,000 to Michigan Youth Corps to assist a cleanup project on the Rouge River.

With Gov. James J. Blanchard looking on, divisional general marketing manager Ross H. Roberts presented the check to James Murray, president of Friends of the Rouge, and representatives of the Michigan Youth Corps.

The ceremony was held at the Henry Ford Fairlane Estate on the University of Michigan-Dearborn Campus.

"With this \$100,000 donation, an additional 109 young men and wom-

"I have watched abatements have an effect on county revenue, contrary to what has been said," replied Lucas, 59, a three-term sheriff and one-term Wayne County executive.

"The county has no say in (granting) it."

"I have no problem with granting abatements, but they need to be tightly controlled." He objects to plans getting a 12-year abatement and moving out in the 13th year.

In Lucas' thinking, a firm given an abatement would pay its full tax bill, but the governmental agency would hold the abatement portion in escrow. If the firm stayed in Michigan, the escrow account would be gradually repaid.

But a firm that moved out would forfeit the abatement.

Lucas would not otherwise restrict a firm from moving, as suggested by some Democratic lawmakers.

en will be employed by the Youth Corps to clear logs and other debris from the banks of the Rouge River in Wayne County this summer," said Youth Corps spokesman Kelley Davis.

"Earlier this year," Roberts said, "Ford contributed \$50,000 to Friends of the Rouge, a private, non-profit group dedicated to restoration of the river. Ford Division volunteers from the Renaissance Center office staff participated in a cleanup project on July 8."

"Rouge Rescue '86 is one of three cleanup projects undertaken by Ford this year."

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