

Source: Spinal Column Newsweekly

Tax incentives under review for Ford plant site

by Leslie Shepard-Owsley

August 26, 2009

Plans are in motion and gaining momentum for two parties interested in redeveloping the former Ford Motor Co. Wixom assembly plant site into a renewable energy campus, but the issue of available tax credits and incentives may compromise the deal if legislation doesn't pass soon.

The proposed renewable energy project is a cooperative effort between the city of Wixom, Ford, the Michigan Economic Development Corporation (MEDC), and the state.

Ford has reportedly scrapped a previous plan for development of an energy park with an entertainment component at the site.

Gov. Jennifer Granholm announced the new potential deal on Tuesday, Aug. 18. No specifics have been disclosed, but according to Wixom City Manager Mike Dornan, a deal is close at hand to redevelop the plant that has been shuttered since May 2007.

"The project is gaining momentum. Everybody has the same goal — Ford, the purchasers, the state, the MEDC — and our mayor and administration have been pushing it along in the same direction," Dornan said.

The project, estimated to involve somewhere between \$750 million and \$1 billion in investment, could create thousands of new jobs.

"It would provide 1,000 construction jobs, and then over 4,000 permanent jobs. It's the biggest project Michigan has seen in a very long time," Dornan said.

Currently, the project is tied up in red tape and political wrangling. The project requires action by the Legislature to boost the annual limit on state economic growth tax credits.

MEDC Spokesperson Michael Shore said last year the Legislature was compelled to change how Michigan Economic Growth Authority (MEGA) tax credits are calculated due to the deterioration of the economy. It was hoped that the modification would boost business in Michigan. The state can award up to a total of 400 years of tax credits annually. No tax credit is issued until a company hits certain benchmarks delineated in its agreement with MEGA.

Currently, the state has 30 years of cumulative tax credits left to award this year. According to Shore, despite the attractiveness of the Ford Wixom plant site proposal, there are a slew of other businesses and projects waiting to obtain tax credits and incentives.

"We have 60 to 80 deals we could accomplish between now and the end of the year," Shore said. "Although there is no property in the country as attractive as the Wixom site, we only have 30 years left that would cover only a couple of deals. We hope the Legislature authorizes a hike in the cap so it takes effect in a month or less.

According to Wixom Mayor Kevin Hinkley, the Legislature needs to support either raising the annual MEGA tax credit limit or create standalone legislation for tax incentives and credits for the potential Ford plant purchasers in order for them to move into Michigan.

"If the Legislature votes and gets it done by September, it will allow the buyers to apply for grants through the government," Hinkley said.

According to state Sen. Nancy Cassis (R-Commerce, Milford, Highland, White Lake, West Bloomfield, Orchard Lake, Wixom, Walled Lake, Wolverine Lake), chairwoman of the Senate Finance Committee, the MEDC doled out MEGA credits this year without accountability, resulting in less job creation than what was expected and not leaving enough credits available this year for the large-scale Wixom project.

"The MEDC must go back and use expired credits," she said. "They blew through 400 years of credits in seven months, and I believe they knew about the Wixom project for at least two months. They must be judicious in handing out credits. We want truth in advertising by the MEGA board and the MEDC."

Cassis has authored a package of bills to pave the way for the Ford Wixom plant redevelopment project. The bills are tie-barred and essentially would raise the MEGA tax credit cap for 2009; and require more data reporting, accountability, and oversight. One bill specifically provides for a one-time increase of 80 years of reimbursable tax credits for 2009.

"The bottom line is the Wixom plant's rejuvenation and reuse is the kind of project that MEGA is designed to implement," Cassis said. "It's a large-scale project that will bring in thousands of jobs and economic sustainability for the overall economic development of Wixom, southeast Michigan, and the state as a whole. It can serve as a prototype for other moth-balled auto plants throughout the U.S., and is designed around renewable energy that the governor has been touting for many months. She can't afford for this project to be set aside. It will be her fault if anything obstructs the process."

Cassis' bills are expected to be introduced today, Wednesday, Aug. 26.