

Ferndale split on granting tax break

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FERNDALE -- City officials are divided on whether to grant a tax break on new investment to a metal manufacturer whose owner is suing the city for a reduction in the assessed value of the property where the company is located.

"Right now the City Council is kind of split," said City Councilman Mike Lennon. "But I'm in favor of granting the tax abatement. It's good for the city, and it's going to bring in some jobs."

Progressive Metal Co., 1300 Channing, is seeking a tax abatement to have half its taxes suspended for 12 years based on \$4.5 million in new investment and 20 new jobs it is adding. The company would save about \$440,000 in state, county and city taxes.

The tax abatement is a routine request that is endorsed by Acting City Manager Warren Renando, as well as the state and Oakland County government economic development agencies that promote business development.

Mayor Robert Porter also favors giving Progressive the 12-year tax break.

"The reinvestment the company is making in the community is worth it," Porter said.

But Progressive Metal Co. owner Eric Borman is in litigation against Ferndale before the Michigan Tax Tribunal to have the assessed value of the property where the company sits slashed from about \$966,000 to \$550,000.

Though Borman's appeal to the tax tribunal is not a civil lawsuit, it still technically qualifies as litigation against Ferndale, and it rubs at least one city councilman the wrong way.

"I think if (Borman) is trying to get a reduction on the assessed value of the property he should drop his lawsuit against the city," Councilman T. Scott Galloway said. "Over time the reduction in the assessed value of the property could cost the city hundreds of thousands of dollars."

The City Council earlier this month delayed making a decision on whether to grant Progressive Metal a tax abatement on its new multi-million dollar investment after learning of Borman's lawsuit before the state tax tribunal. The council is set to decide

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the matter at its regular meeting at 7:30 p.m. Monday night.

Renando said it is not unusual for a company to protest its property assessment before the state while at the same time seeking a tax abatement on new investment. Some communities grant tax breaks under those circumstances and others won't, Renando said.

"Even if the city loses the tax (tribunal) case and we give them a tax abatement we are still going to come out ahead," he said. "There will be a net increase in the amount of tax the company pays, plus there will be new jobs, and the city will retain the jobs that are already here through the company."

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