

**TAX ABATEMENT COMMITTEE  
CITY HALL - VIRTUAL MEETING  
10 N. DIVISION  
BATTLE CREEK, MICHIGAN  
May 5, 2021  
2:00 PM**

**Present:** Mayor Mark Behnke, Vice Mayor Kaytee Faris, and Commissioners Jim Lance, attending virtually from Battle Creek, Michigan and Commissioner Sherry Sofia, attending virtually from Lansing, Michigan

**Absent:**

**Staff:** Rebecca Fleury, City Manager; Ted Dearing, Assistant City Manager; Steven Hudson, City Assessor; Linda Morrison, Revenue Services Director; Vicki Houser, City Clerk

**Guest:** Joe Sobieralski, Battle Creek Unlimited and Aaron Powers, WCA Assessing

**Roll Call:** Clerk Houser called roll.

**Selection of Committee Chairperson:** Comm. Sofia offered to serve as Committee Chair.

A motion was made by Mayor Behnke, supported by Vice Mayor Faris, to approve the appointment of Commissioner Sofia as Committee Chair.

**Approval of Minutes:** A motion was made by Comm. Lance, supported by Mayor Behnke, to approve the minutes of the February 3, 2020 Tax Abatement Committee. All yes, none opposed. Motion carried.

**1. State Statutes Governing Tax Abatements**

Steve Hudson, City Assessor, referencing a chart of the different types of abatements offered in the City of Battle Creek, reviewed the various abatements allowed in Michigan and the City. Mr. Hudson noted that to have an abatement, a district must first be established via approval of the City Commission. Mr. Hudson further discussed the minimum investments required and the maximum number of years for the abatement. Mr. Hudson noted that although the Commission may approve an abatement, it is ultimately up to the State Tax Commission to approve or deny an abatement request. Mr. Hudson reminded the committee that all abatement requests required a public hearing prior to Commission approval.

As to mixed-use development, Mr. Hudson noted the Tax Abatement Committee made a recommendation to the Commission to waive the OPRA and CRAs requirements for job creation for residential properties.

Vice Mayor Faris asked if the information was available on the City's website.

Mr. Hudson stated the committee minutes were available on line, stating he would place the abatement program chart on the website. Mr. Hudson stated a map was not yet posted on the website.

Mayor Behnke, noting Hinman does benefit from tax abatements, asked if more abatement requests are submitted by companies with more knowledge of the availability of abatements.

Mr. Hudson agreed companies do request more abatements if they know of the opportunities.

Mr. Dearing, commenting on the NEZ for the Milton, stated this abatement was a real performance maker for the developer and the investors.

Mr. Hudson noted all of the abatements on the chart are offered by the City. Mr. Hudson also noted the personal property tax abatement did offer a 100% abatement, stating personal industrial property abatement was no longer necessary due to state changes. Mr. Hudson shared that the City requires an agreement for all tax abatements, although the State only requires an agreement for an IFE.

Comm. Faris confirmed that the state is not concerned with the number of jobs created or retained, asking why the question is on the application if they will approve the abatement request with no job creation or retention.

Mr. Hudson responded that the State looks for potential job creation or retention for informational or aspirational purposes. Mr. Hudson cautioned that if the applicant does not indicate any job creation or retention on the application, the City Commission could deny the abatement request, but the applicant could

appeal to the State, and if all State requirements are met, the State will approve their request. Mr. Hudson also noted only the State Tax Commission can revoke an abatement exemption, but the municipality will send a request to have the exemption revoked.

Vice Mayor Faris expressed frustration that the applicants for tax abatements are not required to fulfill the items they agreed to on their application.

Mayor Behnke stated the issue with Bowers Aluminum was both the economy and a non-compete clause that limited his ability to conduct business. Mayor Behnke presented an example of an abatement for Prairie Farms.

## **2. City Application Process**

Mr. Hudson, noting the application for an IFE is a state form, stated the application must be complete, with all required documents. Ms. Hudson also noted that the local government must establish the district first.

## **3. Annual Abatement Reporting and Tracking**

Mr. Hudson informed the committee the Assessing Department assumed reporting and tracking of compliance for abatement recipients as of 2015, noting the Employee Relations Department previously surveyed the companies for compliance. Mr. Hudson stated Assessing currently sends a survey in September to each company with an abatement, asking how many employees the company employs, jobs retained and investment.

Mr. Sobieralski complimented Mr. Hudson's presentation, stating that whenever the State incentivizes a project, the abatement tools provide additional opportunities.

Mr. Hudson stated there was a particular page on the website dedicated to tax abatement information, but with the website revamp, some information was removed and will need to be replaced.

Ms. Fleury noted several new Commissioners have requested a workshop on tax abatements, requesting guidance from the committee.

Vice Mayor Faris agreed a workshop should be held for Commissioners so that they better understand the availability of abatements to established and new companies. Vice Mayor Faris asked how companies are held accountable to fulfill what they have placed on the application, what kind of impact these abatements can have and if the tool of abatements was meeting our needs and being used as intended.

Comm. Lance agreed Mr. Hudson provided good information, stating he understood concerns of accountability, stating a workshop would be valuable if able to provide additional information to the community. Comm. Lance cautioned that Battle Creek does not want to be seen as a community that denies abatement and investment opportunities.

Comm. Sofia agreed it was important to hold a workshop as requested by Commissioners, noting there are several communities that businesses could invest or expand in, stating it was important to ensure the investments were in our community. Comm. Sofia suggested Mr. Hudson's information be included as background for the workshop, emphasizing the important role abatement tools do to attract and retain business in our community.

Committee members agreed the workshop could be held in early June, after budget workshops have been completed.

## **4. Public Comment :** There were no public comments.

### **Adjournment:**

The meeting was adjourned at 2:58 PM.