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Environmental Health  
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July 27, 2019 - **FCA Public Incentive Update**

## **Free Press: Fiat Chrysler gets another \$92.8M for Mack Avenue plant project**

**Of the \$92.8 million in taxes to be captured, an estimated \$34 million would otherwise have gone toward school funding, according to briefing documents. Local taxes will comprise 63% of the captured taxes; state taxes about 37%.**

Without the brownfield redevelopment subsidy, Fiat Chrysler wouldn't undertake the Mack project and, instead, would put that factory capacity in Illinois or even Mexico, according to briefing documents for the Michigan Strategic Fund's Board of Directors. "Without incentive assistance, the company would proceed forward with the project outside of Michigan," the briefing documents say.

The brownfield program uses tax-increment financing to reimburse costs related to redeveloping contaminated, blighted, functionally obsolete or historic properties. Fiat Chrysler's \$92.8 million brownfield plan is not the project's only development subsidy. In May, the Michigan

Strategic Fund approved \$140 million in various incentives for Fiat Chrysler to move ahead with the Mack plant project as well as upgrades at the adjacent Jefferson North Assembly Plant. Fiat Chrysler is spending an additional \$800 million to upgrade Jefferson North.

Separately, Fiat Chrysler could receive up to \$37.8 million in additional local and state tax-capture subsidies for the Mack project through the Michigan Department of Environment, Great Lakes and Energy. That potential subsidy also relates to the brownfield redevelopment program. A department spokesperson said Tuesday that the department is still reviewing Fiat Chrysler's plans and hasn't approved the request.

[https://www.freep.com/story/money/business/2019/07/23/flat-chrysler-mack-avenue-plant-detroit/1803696001/?fbclid=IwAR3ms8PdpqcRqhC4\\_xf9lh24nkSKgEYRsgU1DAEAtDKBsKuLUQUYK2wYR40](https://www.freep.com/story/money/business/2019/07/23/flat-chrysler-mack-avenue-plant-detroit/1803696001/?fbclid=IwAR3ms8PdpqcRqhC4_xf9lh24nkSKgEYRsgU1DAEAtDKBsKuLUQUYK2wYR40)

## **Crain's: Tax incentives for FCA plants in Southeast Michigan may top \$400 million**

FCA's tax incentives now total \$384.5 million and could climb to as high as \$422 million if the Michigan Department of Environment, Great Lakes, and Energy approves an additional \$37.83 million in tax increment financing.

The automaker submitted a draft plan to EGLE on June 24 that was "missing a significant amount of environmental data for the properties that are included in the project," EGLE spokeswoman Jill Greenberg said in an email to Crain's. FCA has since submitted additional information and the state agency is reviewing the application for the TIF incentive, Greenberg said.

Under the brownfield tax incentive program, the Detroit Brownfield Redevelopment Authority will be able to capture nearly \$93 million in state, local and school property taxes over 30 years generated by FCA, beginning in 2022, according to the Michigan Economic Development Corp. FCA's property has already been approved for an Industrial Facilities Exemption for the first 10 years of the 30-tax capture.

The tax incentives will help subsidize the DRBA's cost of remediation of the existing brownfield, building surface parking lots, storage areas and new stormwater management infrastructure across 286 parcels encompassing 387 acres. The brownfield tax capture is tied to nearly \$83 million in direct costs, plus another \$10 million in interest at a rate of 5 percent over the 30-year life of the tax capture.

The direct costs include nearly \$61 million in land acquisition, \$17.5 million for land preparation at the Mack Avenue site, a 15 percent contingency fund of \$2.6 million and \$197,500 in lead asbestos abatement, according to an MEDC memo to MSF board members.

<https://www.crainsdetroit.com/economic-development/tax-incentives-fca-plants-southeast-michigan-may-top-400-million>