

**SUPPLEMENT TO TESTIMONY BY ART PAPAPANOS
VICE PRESIDENT, DETROIT ECONOMIC GROWTH CORPORATION AND
AUTHORIZED AGENT, DETROIT BROWNFIELD REDEVELOPMENT AUTHORITY
COMMITTEE ON ECONOMIC DEVELOPMENT
WEDNESDAY, AUGUST 15, 2012**

MR. CHAIRMAN

HONORABLE COMMITTEE MEMBERS

GOOD AFTERNOON.

MY NAME IS ART PAPAPANOS. I AM THE VICE PRESIDENT FOR BOARD ADMINISTRATION AT THE DETROIT ECONOMIC GROWTH CORPORATION, KNOWN AS THE DEGC. DEGC IS A PRIVATE NOT FOR PROFIT ECONOMIC DEVELOPMENT CORPORATION THAT ASSISTS THE CITY OF DETROIT IN ITS ECONOMIC DEVELOPMENT ACTIVITIES, AND PROVIDES ADMINISTRATIVE SERVICES TO THE CITY'S PUBLIC AUTHORITIES AND CORPORATIONS SUCH AS:

- DOWNTOWN DEVELOPMENT AUTHORITY (DDA)
- ECONOMIC DEVELOPMENT CORPORATION (EDC)
- BROWNFIELD REDEVELOPMENT AUTHORITY (DBRA)
- NEIGHBORHOOD DEVELOPMENT CORPORATION (NDC)
- LOCAL DEVELOPMENT FINANCE AUTHORITY (LDFA)
- TAX INCREMENT FINANCE AUTHORITY (TIFA)
- CORRIDOR IMPROVEMENT AUTHORITY (CIA)

WE WOULD LIKE TO THANK THIS HONORABLE BODY FOR THE OPPORTUNITY YOU PROVIDED US TO GIVE TESTIMONY ON THE PROPOSED AMENDMENT TO PUBLIC ACT 381 OF 1996 AS PRESENTED IN SENATE BILL 1210.

THE CITY OF DETROIT BROWNFIELD REDEVELOPMENT AUTHORITY HAS BEEN ACTIVE IN PROVIDING BROWNFIELD INCENTIVES SINCE 2000. UNDER THE BROWNFIELD REDEVELOPMENT FINANCING ACT TIF PROGRAM AND THE NOW ELIMINATED MBT BROWNFIELD CREDIT PROGRAM, THERE HAS BEEN SUBSTANTIAL PHYSICAL REDEVELOPMENT THAT HAS OCCURED IN THE CITY OF DETROIT THAT WOULD NOT HAVE BEEN POSSIBLE WERE IT NOT FOR THESE INCENTIVES. CONSEQUENTLY, WITH THE ELIMINATION OF THE MBT BROWNFIELD CREDIT, WE BELIEVE THAT ENHANCMENT OF ACT 381 IS CRUCIAL TO CONTINUE THE SUCCESS THAT THE CITY HAS EXPERIENCED UTILIZING BROWNFIELD INCENTIVES.

ALLOW US PLEASE TO PRESENT TO YOU DETROIT'S SUCCESS IN CUMULATIVE NUMBERS FIRST:

- 200 BROWNFIELD PLANS (APPROVED)
- \$6.8 BILLION INVESTMENT (UPON COMPLETION)
- 60 TIF PLANS WITH AN TOTAL ANITICIPATED REIMBURSEMENT AMOUNT OF \$602.0 MILLION
- \$338.0 MILLION MBT PRE-APPROVALS FROM 2000 TO 2011
- 18.8 THOUSAND JOBS
- 11.1 THOUSAND HOUSING UNITS
- \$564.0 MILLION IN ANNUAL INCOME
- 2.2 BILLION IN LOCAL GDP

IN TERMS OF INDUSTRY DIVERSIFICATION, THE ABOVE-MENTIONED PROJECTS REPRESENT INDUSTRIAL, COMMERCIAL, TECHNOLOGY, RETAIL, MIXED USE, HOTELS, HIGH TECH AND RESIDENTIAL PROJECTS.

WE WOULD LIKE TO VOICE OUR GENERAL SUPPORT FOR THE PROPOSED AMENDMENTS AS PRESENTED IN SENATE BILL 1210 WITH THE FOLLOWING RECOMMENDATIONS:

- (A) WITH RESPECT TO THE PROPOSED 3 MILLS OF STATE EDUCATION TAX CAPTURE TO FUND THE MEDC AND MDEQ REDEVELOPMENT PROGRAMS, WE PROPOSE THAT LANGUAGE BE INCLUDED FOR BROWNFIELD PLANS THAT HAVE A DURATION IN EXCESS OF 20 YEARS THAT THE STATE TREASURY DISCONTINUES THE STATE EDUCATION TAX CAPTURE AT YEAR 20 SO THAT THE AUTHORITY CAN CAPTURE THE FULL AMOUNT OF STATE EDUCATION TAX FOR DEVELOPER REIMBURSEMENT WITHOUT INCREASING THE LOCAL PERCENTAGE.
- (B) WITH RESPECT TO ADMINISTRATIVE FEES THAT AN AUTHORITY IS ALLOWED TO CAPTURE UNDER ACT 381, WE SUPPORT INCREASING THE CAP BUT NOT IMPOSING A LIMIT TO THE PERCENTAGE, PER PROJECT. THE DBRA HAS AN EXTENSIVE PORTFOLIO, THE ADMINISTRATIVE COST OF WHICH EXCEEDS \$300,000.00 WITH THE REMAINDER SUBSIDIZED BY THE DETROIT ECONOMIC GROWTH CORPORATION.
- (C) AND FINALLY, WE DO SUPPORT PROPERTY QUALIFYING AS A HISTORIC RESOURCE. WE HAVE ALSO BEEN INFORMED THAT OTHER COMMUNITIES ARE SUGGESTING AMENDING ACT 381 TO ALLOW FOR HISTORIC PRESERVATION AS AN ELIGIBLE ACTIVITY. WE DO SUPPORT THIS BUT ONLY UP TO 20% OF THE COST OF THE ACTIVITY.

IN CLOSING, WE AGAIN WOULD LIKE TO REITERATE OUR SUPPORT OF THE AMENDMENTS PROPOSED IN SENATE BILL 1210 WITH THE PREVIOUS RECOMMENDATIONS.

THANK YOU.

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