



CITY OF AUBURN HILLS

CITY COUNCIL WORKSHOP

MINUTES

JANUARY 8, 2024

CALL TO ORDER: Mayor Marzolf at 5:30 PM

LOCATION: Admin Conference Room, City Hall, 1827 N. Squirrel Rd, Auburn Hills, MI 48326

Present: Mayor Marzolf, Council Members Ferguson, Fletcher, Hawkins, Knight McDaniel, and Verbeke

Absent: None

Also Present: City Manager Tanghe, Assistant City Manager Skopek, City Attorney Beckerleg, City Clerk Pierce, Chief of Police Gagnon, Fire Chief Massingill, Community Development Director Cohen, Construction Coordinator Lang, Deputy Assessor Collias, Commercial-Industrial Appraiser Griffin, Economic Development Director Carroll, Finance Director/Treasurer Schulz, Deputy Treasurer Vittone, Accounting Clerk Jones, Accountant Haddad, Management Assistant Hagge, Engineer Juidici & Driesenga

0 Guests

Workshop Topic: Headlee Amendment, Proposal A, and Review of Tax Abatement Policy

Mr. Beckerleg presented a summary of the Headlee Amendment and Proposal A. He explained that property taxes are based on the value of the property. To determine the amount of property taxes for a particular property, the various millage rates for the various taxing units are multiplied against a property's current Taxable Value. There are several millage rates that are applied against a property to determine its property taxes, including but not limited to City, County and Schools. He noted that the amount of mills a City can levy against properties for City property tax purposes is generally set forth in the City's Charter.

Mr. Beckerleg explained that Michigan has had two constitutional imitations on property taxes, the Headlee Amendment and Proposal A. He noted that the amount of mills that the City can levy for the Charter authorized subjects of taxation can be limited and reduced by the Headlee Amendment and the amount of Taxable Value of properties is limited annually by Proposal A.

Mr. Cohen reviewed the tax abatement policy and presented information on tax abatements in the City. He explained that tax abatements are used to attract and retain manufacturing-based companies. With this incentive, the property taxes for real property are 50% of the taxes that would otherwise be payable for the duration of the incentive. Over the years, the City has reduced the number of abatements, eliminated 12 year abatements and require claw backs. He noted that by allowing this tax incentive, the City helps companies lower their initial startup costs fostering profitability and in return, the City increases its tax base by adding new investment and increasing the value of an abated site and the properties surrounding it. Discussion ensued on the abatement process.

The meeting adjourned at 6:40 PM.

Brian W. Marzolf, Mayor

Laura M. Pierce, City Clerk