

Macomb tool and die shop gets boost from tax breaks

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A struggling Macomb Township business received a boost from the Macomb Township Board of Trustees last month when officials unanimously adopted a resolution to establish a Renaissance Recovery Zone to assist Praet Tool and Engineering Inc.

The resolution allowed tax breaks for the company for five years. The tax relief will be phased out in 25 percent increments over the last three years of zone designation.

"After the third year is when taxes phase back in at 25 percent," said Jim Ahee, senior economic development specialist for Macomb County.

Ahee said that companies can also request extensions. The tax exemption will begin to take effect next year.

The company will be exempt from Michigan business tax, state education tax, property tax and local income tax, according to Ahee.

Praet Tool and Engineering Inc. President Alan Praet requested the board's help in establishing a tool and die recovery zone.

"Our industry has seen many ups and downs in the past 10 years, but none as dire as the past two years, as the auto industry bankruptcies saw our business lose 43 percent of revenues in one year!" Praet wrote. "In order for our business to survive, we needed to take drastic measures to keep our doors open."

"We have cut every conceivable cost we can out of our budget so that we will remain viable in this turbulent time. We had to lay off 10 of our 25 employees, we cut the wages of our remaining employees by 10 percent, discontinued salaries totally for the four officers of the company, reduced vacation benefits by two weeks for all employees, reduced holidays and pay, and cut health benefits dramatically while increasing the percentage of out-of-pocket costs of those benefits for all employees," Praet wrote in the letter. "Also, the officers of the company have injected hundreds of thousands of capital into the company from their retirement funds just to keep the business running. We continue to look at all aspects of the business for possible reductions in cost."

Ahee said that last year alone 550 high-paying Macomb County jobs were saved through the zones and collaborative.

In 1996, the state Legislature included tool and die companies in the Renaissance Recovery Zone Act, a move aimed at assisting the struggling industry.

Margaret O'Riley, a consultant working with the Michigan Manufacturers Association, said a tool and die collaborative of about 19 companies is currently forming and Praet hopes to join it.

"We've been in business about 27 and a half years now, and 12 and a half of those years have been with Macomb Township," Praet said. "We built a new building here when we moved in. We were lucky enough to be granted an abatement for that building for nine years. Ever since that abatement has expired ... it has been difficult for us. And we have come down from 45 employees; we are down to 17 now. We were down to 15 a year ago when the bankruptcies were going on with the auto industry."