

Your BNET blog entry regarding Pfizer's request for a tax abatement on a facility in Kalamazoo, Michigan, was seriously flawed:

1. The 2003 incentive package you referenced has no connection whatsoever to the Kalamazoo request. The 2003 package was offered by the state as a separate, specific collection of incentives aimed at retaining a large Pfizer presence in Michigan following the acquisition of Pharmacia. That package was withdrawn, unused, within a couple of years. Pfizer chose not to avail itself of those incentives, although the company likely did qualify for them at one point.
2. Pfizer's current tax abatement request in Kalamazoo falls under a different, long-time program known as Public Act 198 of 1974. PA 198 is used by local governments to encourage companies to renovate or expand existing facilities or build new ones. For renovations, the state equalized valuation (SEV) of the facility is frozen and the investment in it (both real and personal property) is exempt from local property taxes for up to 12 years. PA 198 is available through local communities throughout Michigan and offered to many companies in many different industries.
3. The Kalamazoo request, which was filed in 2008, is the first PA 198 tax abatement that Pfizer has requested for Kalamazoo since the Pharmacia acquisition in 2003. Although the company made investments in its downtown research campus between 2004 and 2008 exceeding \$70 million, Pfizer did not seek abatements. Nor did Pfizer seek tax breaks for other major investments in Kalamazoo County during that timeframe.
4. Although the facility in question has already been renovated, the PA 198 application was filed prior to the investment being made. This is allowed under the Act, and we are in full compliance. The process has taken somewhat longer than our plan for the renovation. Although Pfizer realized that it did not have a guarantee that it would receive the abatement, the company took the risk and made the investment—and, I will point out, Pfizer has met the promises it made in its application in terms of level of investment and number of jobs added or retained.
5. Referring to Pfizer paying its fair share, not only did Pfizer not apply for tax breaks for which it was qualified after 2003, the company also actively worked with the City of Kalamazoo to repay taxes that had been abated from the late 1990s on a lab facility that received PA 198 incentives but was later closed as part of restructuring after the acquisition of Pharmacia. As you can see, Pfizer meets its responsibilities when jobs are created and when they are not.

We appreciate every effort you make to correct the inaccuracies in the report. Please let me know if you have any additional questions.

Regards,

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