

## **MMA Testimony**

### **House Economic Development and Small Business Committee**

#### **Make It in Michigan Package**

**HB 5104(Hoskins), HB 5105 (Hoskins). HB 5106 (Hoskins), HB 5107 (Andrews)**

**HB 5096 (Andrews)**

Mr. Chair,

Thank you for the opportunity to share our views on the Make It in Michigan legislation. I am Mike Johnston, Executive Vice President of Government Affairs and Workforce Development for the MMA.

MMA has been a long-standing advocate for economic development efforts. We were proud to partner with the legislature and the administration in the very successful efforts through the SOAR program, which attracted \$16 billion in new investment with 16,000 new jobs since 2021. These were transformational projects that ensured the future of the auto industry remains in Michigan and helps sustain Michigan's economic future. We were all reminded in 2021 that capital is mobile, and not participating, or not doing so effectively, has serious consequences.

These successes also highlighted the critical nature of remaining engaged and competitive in the omnipresent, multi-state and multi-nation battle for manufacturing assets. Our fundamental message to this committee is threefold. First, we need to be consistently in the game to both retain and attract manufacturing investment. Second, we need to remain competitive in the marketplace with the incentive proposals offered by other states and nations. And third, the state's business climate matters. Incentives are necessary, but they are not sufficient to consistently win projects. Michigan must also have a competitive business climate.

We compliment the chair and the other sponsors of the bills to recognize that Michigan must be in the game. In addition, we appreciate the recognition that many factors go into siting decisions, including the availability of a trained workforce; need for infrastructure support, including transportation, energy, water and sewer utilities; and other site development needs. We also appreciate the importance of other issues such as housing and childcare, that help attract and retain investment.

However, we are concerned the proposed approach in this package does not meet the standard for competitiveness. The dramatic increase in the number of considerations alone would reduce the competitiveness of Michigan's proposals. To illustrate the point, Sec. 88s, the Critical Industry program, would add 17 new considerations for a total of 32 considerations for a potential investor. Subsection (3) says, "all" of these must be considered by the MSF, and a majority of which must be met by the proposed project. So, 17 considerations must be met by a proposed project. In addition, the section requires consideration of the items in Sec. 88v, which includes 28 considerations. Combined, this totals 60 considerations. In our view, the list is getting very long and complicated, and would reduce the state's competitiveness compared to other states.

I won't dive into details of the requirements, except to point out a couple that are likely points of concern for prospective investors.

- "Whether the qualified business provides healthcare and employer sponsored benefits including, but not limited to, retirement savings, paid family and medical leave, housing credits and childcare."
  - o While all laudable goals, these are requirements not likely required by our competitor states.
- "Whether the qualified business will honor a decision by its workers to form a union and will commit not to interfere in unionization efforts. "
  - o While this is essentially a restatement of federal law, its presence here generates controversy, and it is not commonly included by our competitor states.

The long list of requirements and considerations in the package includes some laudable goals. Certainly housing, childcare, training and infrastructure are important issues to make any state attractive. However, the bill would reduce the direct offer to companies by 20%. So, Michigan's offer will be, by definition, 20% lower than other states, including states that also offer training, site development, housing, childcare and other issues that support their state's business climate. If these issues are competitive issues, then they ought to be addressed without reducing the level of incentives offered to potential investors.

On the approval process, the process must be competitive with other states. We recognize that accountability is a critical issue. However, the ultimate accountability metric is whether the plan attracts investment or not. We encourage this committee to streamline the oversight process, because added steps in the process creates timing uncertainty and capital does not like uncertainty.

Mr. Chair, we share your goal of retaining and attracting new investment in this state. We also agree on many of the challenges to our competitiveness, like training, housing and childcare. However, if we don't win the battle with other states and nations for substantial investments, the consequences are significant for Michigan's economic future. We encourage you to streamline the incentives, and separately fund the many laudable community benefits, without reducing Michigan's incentive offers.

As I said at the outset, MMA has been a vocal advocate for economic development programs for a long time, and we want to work with you to ensure Michigan's economic development programs are competitive in the marketplace.

Thank you for the opportunity to share our views today.

For more information, contact Mike Johnston, Executive Vice President of Government Affairs and Workforce Development.