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BILL



ANALYSIS

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Senate Bill 144 (as passed by the Senate)
Sponsor: Senator Mike Green
Committee: Agriculture

(as enrolled)

Date Completed: 3-3-11

RATIONALE

Chapter 8A of the Michigan Strategic Fund (MSF) Act established the 21st century investment programs and gives the MSF board fiduciary duties with respect to 21st century investments. Among other things, Chapter 8A provides for competitive edge technology grants and loans aimed at encouraging the development of technology-based industries in Michigan. The definition of competitive edge technology includes advanced automotive, manufacturing, and materials technology as well as other specific types of technology. Some people believe that a broader base of technologies, including agricultural processing technology and information technology (IT), should be eligible for the 21st century competitive edge grants and loans.

CONTENT

The bill would amend Chapter 8A of the Michigan Strategic Fund Act to include information and agricultural processing technology, and other innovative technology, in the definition of "competitive edge technology".

Chapter 8A provides for competitive edge technology grants and loans. The definition of "competitive edge technology" includes "advanced automotive, manufacturing, and materials technology". The bill would refer instead to "advanced automotive, manufacturing, materials, information, and agricultural processing technology".

Competitive edge technology also includes life sciences technology, homeland security and defense technology, and alternative energy technology. Under the bill, it would

include any other innovative technology as determined by the board of the Michigan Strategic Fund.

Chapter 8A contains a definition of "advanced automotive, manufacturing, and materials technology". Under the bill, the defined term would be "advanced automotive, manufacturing, materials, information, and agricultural processing technology".

MCL 125.2088a

ARGUMENTS

(Please note: The arguments contained in this analysis originate from sources outside the Senate Fiscal Agency. The Senate Fiscal Agency neither supports nor opposes legislation.)

Supporting Argument

Michigan has had a strategic fund geared toward economic development efforts for more than 25 years. In recent years, those efforts have included the 21st century investment programs, which provide competitive edge technology grants and loans that are geared toward technology-based endeavors. By providing incentives for technological industries to develop in Michigan, the grants and loans help to diversify and modernize Michigan's economy. The 21st century investment programs, however, have not included technological developments in the agricultural processing industry.

Agriculture is widely recognized as Michigan's second-largest industry. Although technological developments in agricultural processing should be a focus of

economic development efforts, the State has not devoted economic development resources adequately to this area. In his first State of the State Address, Governor Snyder emphasized a need for strong support of Michigan's rural areas, citing his executive order adding rural development to the responsibilities of the newly named Department of Agriculture and Rural Development and the addition of a Michigan Economic Development Corporation board member with expertise in farmer credit needs. Further, the Governor specifically urged the Legislature to make agricultural technology eligible for 21st Century Jobs Fund assistance. By including agricultural processing technology in the definition of competitive edge technology, the bill would encourage agricultural processing operations to locate in Michigan, enhancing efforts to create jobs and diversify the State's economy.

Supporting Argument

While the agriculture industry has done relatively well in Michigan through the State's recent economic struggles, it could play an even greater role. For instance, the bill's sponsor testified before the Senate Agriculture Committee that Michigan is a major pork production state but does not have any pork processing plants. Hogs are transported out of Michigan for butchering and processing into such consumer food items as bacon, ham, and sausage, and then those products are shipped into Michigan for retail sale. Providing an incentive for agricultural processors to locate in Michigan could help keep the entire supply chain for food items such as Michigan-produced pork within the State.

Supporting Argument

Although the 21st century investment programs are geared toward developing Michigan's future economy, particularly high-technology endeavors, IT operations are eligible for competitive edge technology grants and loans only insofar as they relate to activities specifically included in the definition of "competitive edge technology" (e.g., life sciences, advanced automotive, and alternative energy). This eliminates many other IT applications, such as software development and video gaming, from eligibility for 21st century funding assistance. In order to promote high-tech activity in Michigan, the Act should make all IT operations eligible for competitive edge

technology grants and loans. In addition to promoting agriculture and rural development in his State of the State Address, the Governor requested that the Legislature lift all restrictions on which industries can be supported by the 21st Century Jobs Fund, and specifically mentioned that agriculture and information technology would benefit. By including information technology in the definition of competitive edge technology, the bill would allow all types of IT efforts to benefit from 21st century funding.

The bill also would address the Governor's goal of eliminating funding restrictions by including any other innovative technology, as determined by the MSF board, in the definition of competitive edge technology. This would provide the greatest opportunity for the development of Michigan's economy.

Legislative Analyst: Patrick Affholter

FISCAL IMPACT

The bill would have no fiscal impact on State or local government.

Fiscal Analyst: Elizabeth Pratt

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.