



Senate Fiscal Agency
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House Bill 5306 (Substitute H-1 as passed by the Senate)

Sponsor: Representative Judy Emmons

House Committee: Commerce

Senate Committee: Economic Development, Small Business and Regulatory Reform

Date Completed: 12-18-03

RATIONALE

Manufacturing historically has been a vital component of Michigan's economy. According to a press release from the Michigan Economic Development Corporation (MEDC), approximately one out of every five Michigan workers is employed in the manufacturing industry. Due to the economic downturn, however, over the last three years, the nation has lost 2.7 million manufacturing jobs. More than 170,000 of these jobs were from Michigan. It has been suggested that a manufacturing "czar" should be appointed in order to help sustain the manufacturing industry, facilitate job creation, and stimulate economic growth in Michigan.

CONTENT

The bill would create a new act to create the Office of Manufacturing Czar within the MEDC. The Czar would have to do all of the following:

- Devote his or her entire time to facilitating the creation and retention of manufacturing jobs in the State.
- Implement the portions of the MEDC's strategic plan addressing manufacturing job creation and retention in the State.
- Coordinate all programs within the MEDC and across government to create and retain manufacturing jobs in the State.
- Assist manufacturing in the State.
- Work to create a business environment that encouraged and sustained manufacturing in the State.
- Work to empower manufacturers to take advantage of the opportunities offered by the market in the State.

The Czar would be appointed by the Governor with the advice and consent of the Senate,

and would report directly to the MEDC President. He or she would have to have experience in creating jobs in the private sector.

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

Factories help form the foundation of Michigan's economy. The bill would provide another tool to sustain a favorable environment for the manufacturing industry, and help ensure that Michigan is able to remain competitive on both a national and a global basis. The Czar would be particularly useful in light of the State's high unemployment rate and the decline of the manufacturing sector in recent years.

Opposing Argument

The bill would create another layer of bureaucracy. The MEDC already may carry out manufacturing initiatives without adding another position. Furthermore, the bill potentially could hinder procedures already in place.

Response: The Czar position would provide a focus that currently is lacking. The Czar could help manufacturers mobilize the resources already available to them and gain the most leverage from the State's business environment.

Opposing Argument

Manufacturing issues are more appropriately addressed at the Federal level. The industry is affected by international trade agreements and other nations' labor and environmental

laws and practices. President Bush recently announced the creation of a Manufacturing Czar position within the U.S. Department of Commerce to handle such issues. A similar position at the State level would be unnecessary.

Response: A State Manufacturing Czar could act as an advocate for the State's manufacturing community at the Federal level.

Legislative Analyst: Julie Koval

FISCAL IMPACT

The bill does not include funding for the Office of Manufacturing Czar, which would include salary, fringe benefits, and any overhead costs. Because this office would be created in the MEDC, the costs for the office could be covered with "off budget" Indian casino gaming revenue, which would result in no fiscal impact on the General Fund.

Fiscal Analyst: Maria Tyszkiewicz

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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.