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BILL ANALYSIS

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House Bill 6150 (Substitute H-1 as passed by the House)
Sponsor: Representative Steve Tobocman
House Committee: New Economy and Quality of Life
Senate Committee: Economic Development and Regulatory Reform

Date Completed: 12-3-08

CONTENT

The bill would create the "Michigan Supply Chain Management Development Commission Act" to establish the Commission and prescribe its powers and duties.

"Supply chain management" would mean an integrated approach to planning, implementing, and controlling the flow of information, materials, and services from raw materials to the distribution of the finished product to the end customer. Supply chain management would include the process of collaborating horizontally among suppliers, retailers, and customers to create value. It also would include manufacturing, technology, distribution, warehousing, marketing, logistics, all modes of transportation, and focuses on eliminating points of friction at borders, the adoption of efficiencies, and improving global collaboration.

Commission

The 15-member "Michigan Supply Chain Management Development Commission" would be created within the Department of Treasury.

The Commission would have to "create a road map for attracting, supporting, marketing, and growing the international trade, supply chain, and logistics industries by advising on the development and coordination of state transportation and economic development policies". Based on an inventory of industry needs and State strengths as well as an economic multiplier impact analysis, the Commission would be charged with studying and designing programs to provide incentives and otherwise support growth industries through workforce development, recruitment, marketing, tax incentives, and other activities.

The following members would comprise the Commission:

- The president and CEO of the Michigan Economic Development Corporation.
- The Director of the Michigan Department of Transportation.
- The Director of the Department of Environmental Quality.
- The State Treasurer.
- Seven individuals, appointed by the Governor, with education in, experience with, or knowledge of supply chain management and logistics, including individuals representing commerce, transportation, border operators, warehousing, local economic development agencies, and institutions of higher learning.

- Four Michigan residents living within one mile of an international border crossing, airport, rail yard, intermodal facility, port, or other major transportation infrastructure with significant impact on the local residential community, appointed by the Governor.

Of the four Michigan residents, two would have to be appointed from a list of at least four individuals selected by the Senate Majority Leader and two from a list of at least four individuals selected by the Speaker of the House.

Commission members could not be compensated for services as members of the Commission, but the Commission could reimburse each member for expenses necessarily incurred in the performance of his or her duties.

Powers & Duties

The Commission would have to do all of the following:

- Advise the Governor and appropriate State agencies on methods, proposals, programs, and initiatives involving supply chain management in Michigan that could stimulate State economies and provide additional employment opportunities for the State.
- Create avenues of communication between Michigan and Ontario and the Canadian federal government concerning economic development, trade and commerce, transportation, and industrial affairs concerning supply chain management.
- Survey and audit how other states have used supply chain management capabilities to attract industry.
- Determine which industries in Michigan would benefit from supply chain coordination.
- Develop integrated State strategy regarding policy related to global supply chain operations.

The Commission also would have to make recommendations to the Governor and the Legislature on all of the following:

- Changes to the State's tax structure to make Michigan competitive with other jurisdictions.
- Incentives to attract long-term capital investment.
- How to assist small, medium-sized, and large companies in gaining access to various grants, tax abatements, and other incentives.
- How to improve access to credit or financing resources.
- How to improve workforce training and retraining support to maximize productivity.
- Expediting regulatory oversight to facilitate expansion and new investment.
- Reducing regulatory burden.
- Developing growth strategy for targeted industries.
- How to prioritize and coordinate investment in Michigan's transportation infrastructure.

Legislative Analyst: Patrick Affholter

FISCAL IMPACT

The requirement under the bill to reimburse Commission members for expenses they incurred while serving could result in an indeterminate cost to the Department of Treasury. The amount would depend on a variety of factors, including whether Department staff incurred any costs associated with the Commission and its activities.

Fiscal Analyst: Joe Carrasco

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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.