

SUPPLY CHAIN COMMISSION

Mary Ann Cleary, Director
Phone: (517) 373-8080
<http://www.house.mi.gov/hfa>

Senate Bill 256 (S-3)

Sponsor: Sen. Mike Kowall

House Committee: Commerce

Senate Committee: Economic Development

Complete to 5-13-13

A SUMMARY OF SENATE BILL 256 AS PASSED BY THE SENATE 3-20-13

The bill would amend the Michigan Supply Chain Management Development Commission Act, which was put in place by Public Act 398 of 2008. The bill would do the following:

- Rename the Commission and the Act. The commission would become the Commission for Logistics and Supply Chain Collaboration, and the act would be renamed accordingly.
- Move the commission from the Department of Treasury to the Michigan Strategic Fund.
- Reconfigure the membership of the commission. Currently the commission has 15 members; the bill would reduce membership to 10. Membership changes would be as follows:
 - The president of the Strategic Fund and the director of the Department of Transportation would remain on the commission (although the bill would allow their designees to serve instead).
 - The director of the Department of Environmental Quality would be replaced by the director of the Department of Agricultural and Rural Development (or a designee).
 - The State Treasurer would no longer be on the commission.
 - One individual, rather than two, would be appointed by the governor from a list of four state residents selected by the Senate Majority Leader.
 - One individual, rather than two, would be appointed by the governor from a list of four state residents selected by the Speaker of the House of Representatives.
 - Five other individuals, rather than seven, would be appointed by the governor; these would not need to be state residents.
 - All of the individuals appointed by the governor would need to have 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.

- For the appointees recommended by the Senate Majority Leader and Speaker of the House, the above criteria would replace current language that requires the members to live within one mile of an international border crossing, airport, rail yard, intermodal facility, port, or other major transportation infrastructure that has significant impacts on the local residential community. That language would be struck.
- Allow state funds to be used to cover administrative costs of the commission and costs associated with reimbursing the expenses of commission members. Currently, the act says that state funds are not be to be used to the fund the operations of the commission, but that it should be funded by private funds, federal funds, and other funds that are not state funds. The term "administrative expenses" would refer to costs associated with the business of the commission, including preparing documents for meetings, maintaining records, and scheduling commission meetings.
- Eliminate references to "tax incentives." Currently, the commission is charged, among other things, with studying and designing programs to support the international trade, supply chain, and logistics industries through "workforce development, tax incentives, recruitment, marketing, and other activities." The bill would eliminate "tax incentives" and replace it with "business development." Also, the commission is charged now with making recommendations to the governor and Legislature on a number of issues, including changes to the state's tax structure. The reference to tax structure recommendations would be struck.

BACKGROUND INFORMATION:

The act says the purpose of the commission is to create a "road map" to attract, support, market, and expand the international trade, supply chain, and logistics industries by advising on the development and coordination of state transportation and economic development policies. Based upon an inventory of industry needs, state strengths, and an economic multiplier impact analysis, the commission is to study and design programs to provide incentives for these growth industries, through workforce development, business development, recruitment, marketing, and other activities.

The commission's powers and duties include to:

- Advise the governor and appropriate state agencies on methods, proposal, programs, and initiatives involving supply chain management in Michigan that may stimulate state economies, and provide additional employment opportunities for the state.
- Create avenues of communication between Michigan, Ontario, and the federal government of Canada 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.
- Make recommendations to the governor and the Legislature about the following:
 - Mechanisms to attract long-term capital investment;
 - 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 burdens;
 - Developing growth strategies for targeted industries;
 - How to prioritize and coordinate investment in the state's transportation infrastructure; and
 - Developing an integrated state strategy regarding policy to global supply chain operations.

FISCAL IMPACT:

Senate Bill 256 would have a minimal fiscal impact on state government. Under the provisions of the bill, state funds would be used to reimburse Commission member's expenses and administrative costs. The bill does not make a specific authorization of funds for this purpose; therefore, the Michigan Strategic Fund would cover the expenses and administrative costs under current appropriation levels.

Legislative Analyst: Chris Couch
Fiscal Analyst: Ben Gielczyk

■ This analysis was prepared by nonpartisan House staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.