Michigan Manufacturers Association

House Natural Resources, Great Lakes, Land Use, and Environment

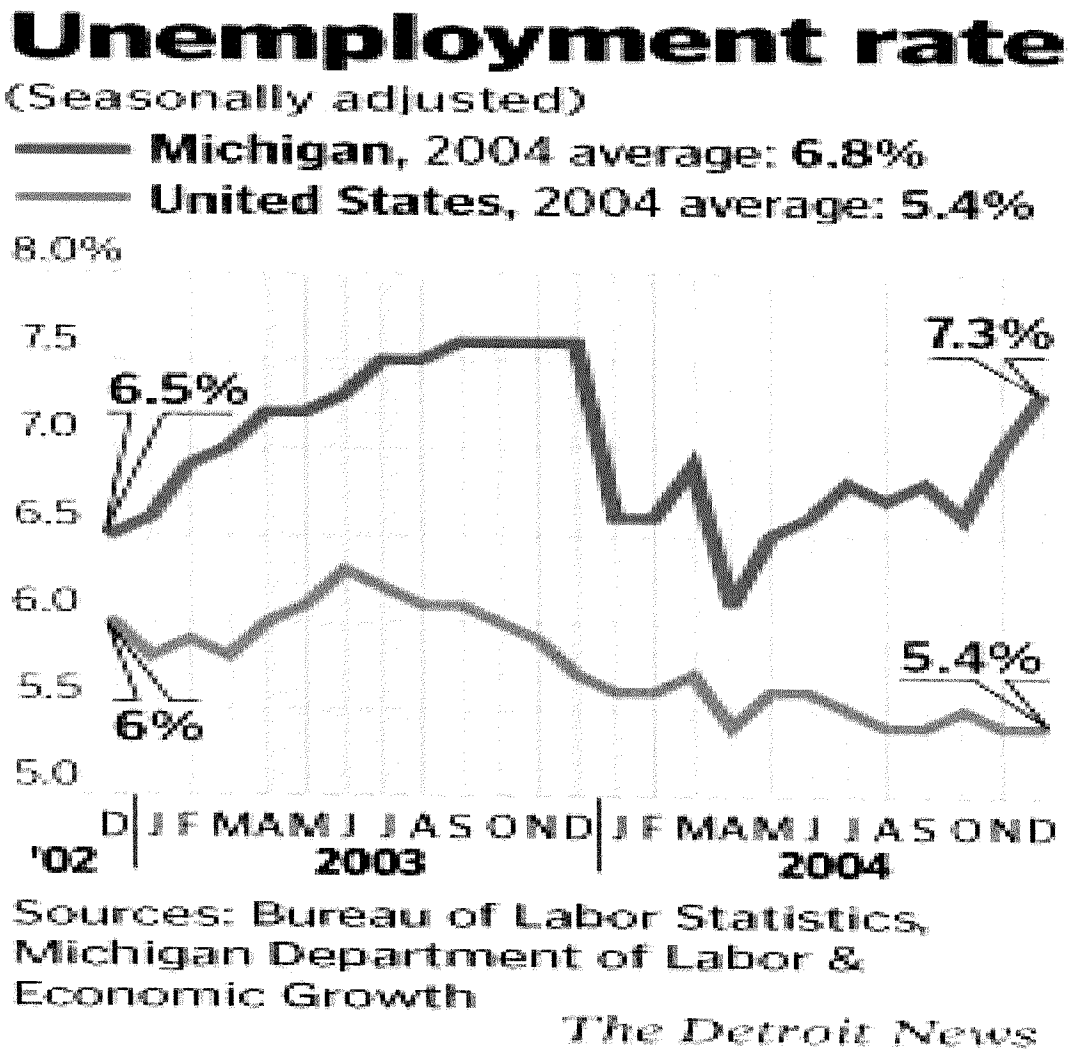
2/26/2005

Mike Johnston, Director Regulatory Affairs

Michigan Job Losses

- Michigan has lost 170,000 high paying manufacturing jobs in the last four years,
- Michigan has lost 260,000 total jobs in the last four years.
- About the size of the city of Grand Rapids – 294,000 population.

The Challenge



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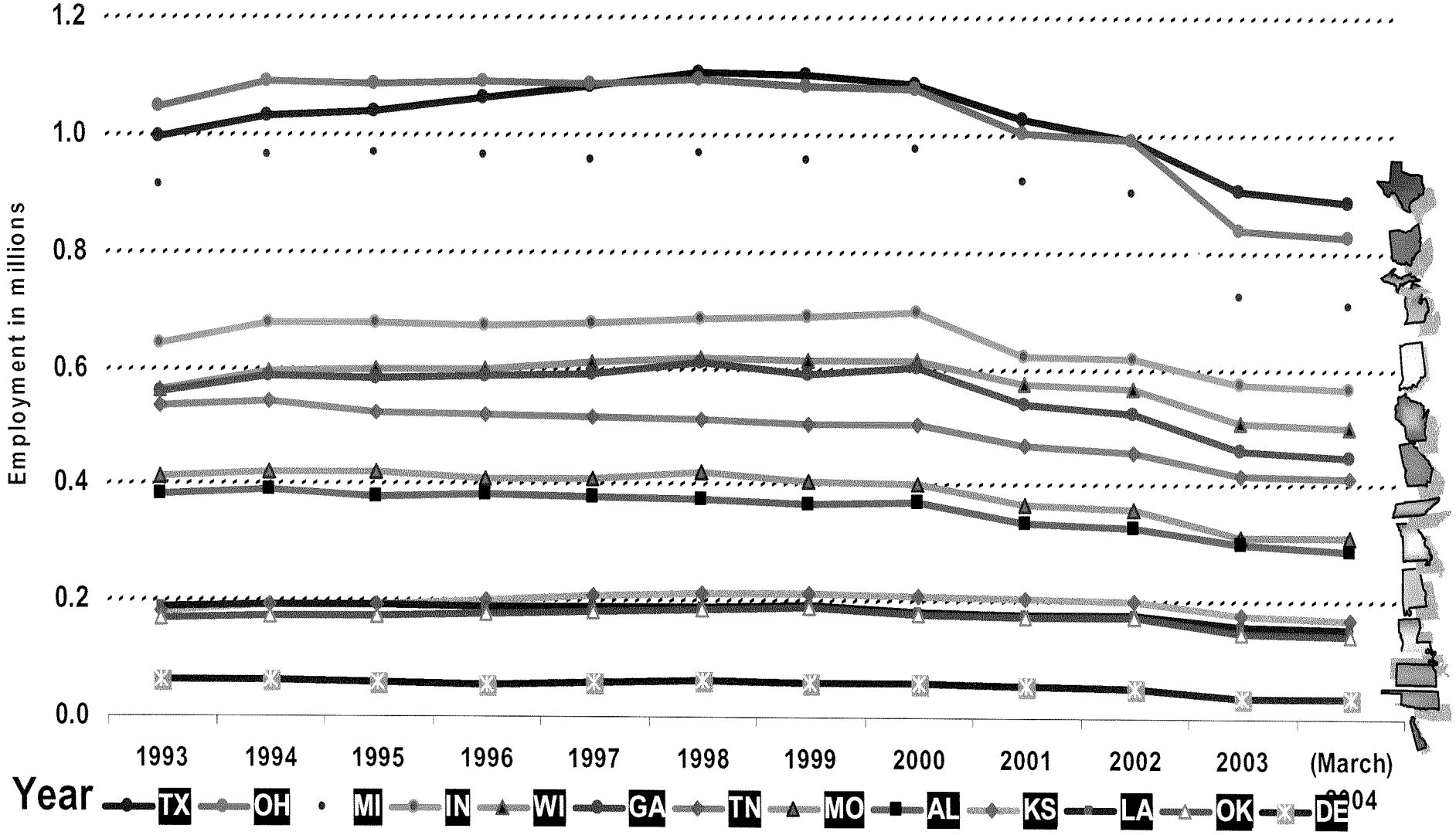
Only Alaska Has A Higher Unemployment Rate

State Manufacturing Employment



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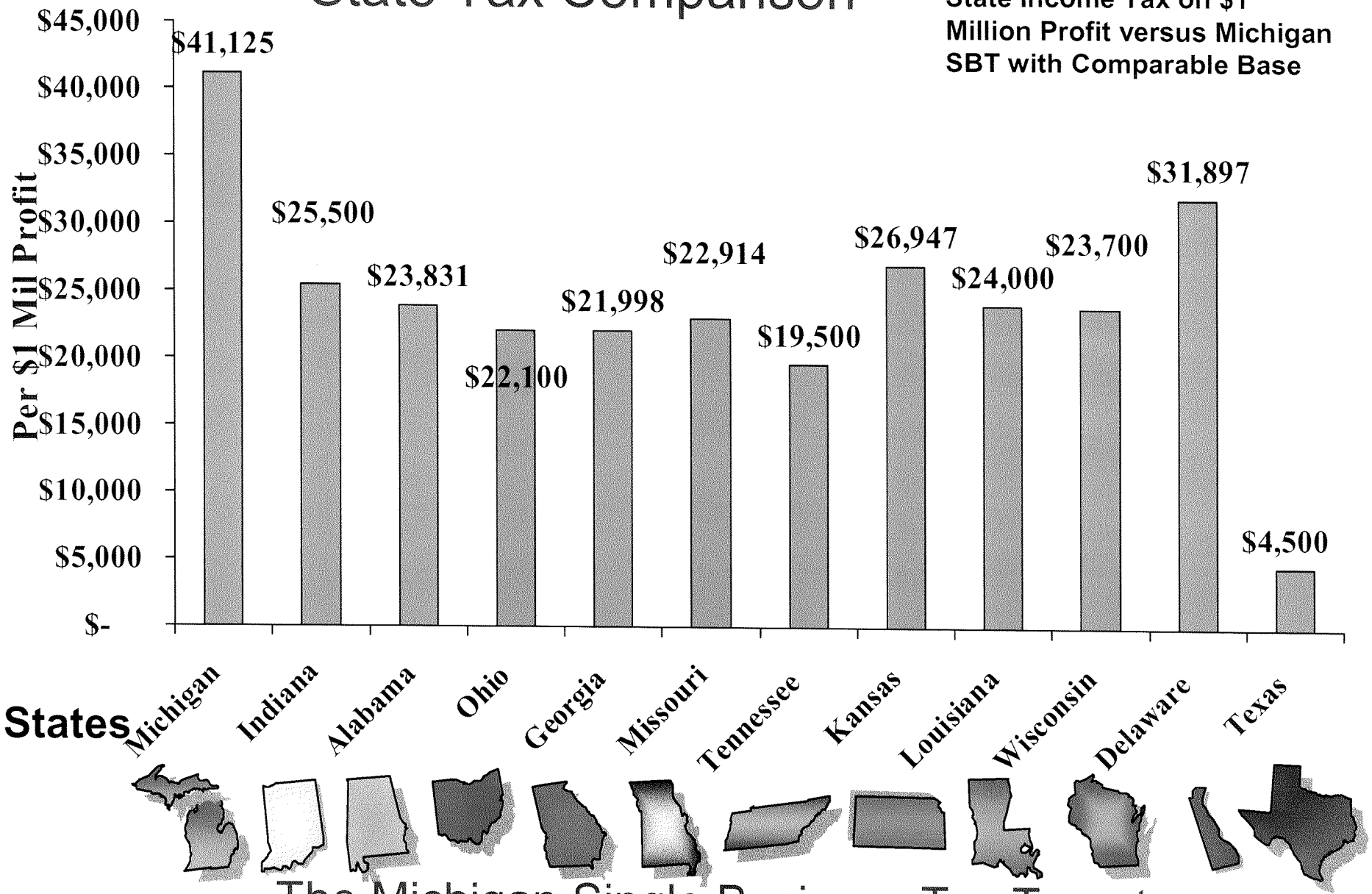
Manufacturing Explains Ongoing Job Loss

State Tax Comparison

State Income Tax on $1 Million Profit versus Michigan SBT with Comparable Base



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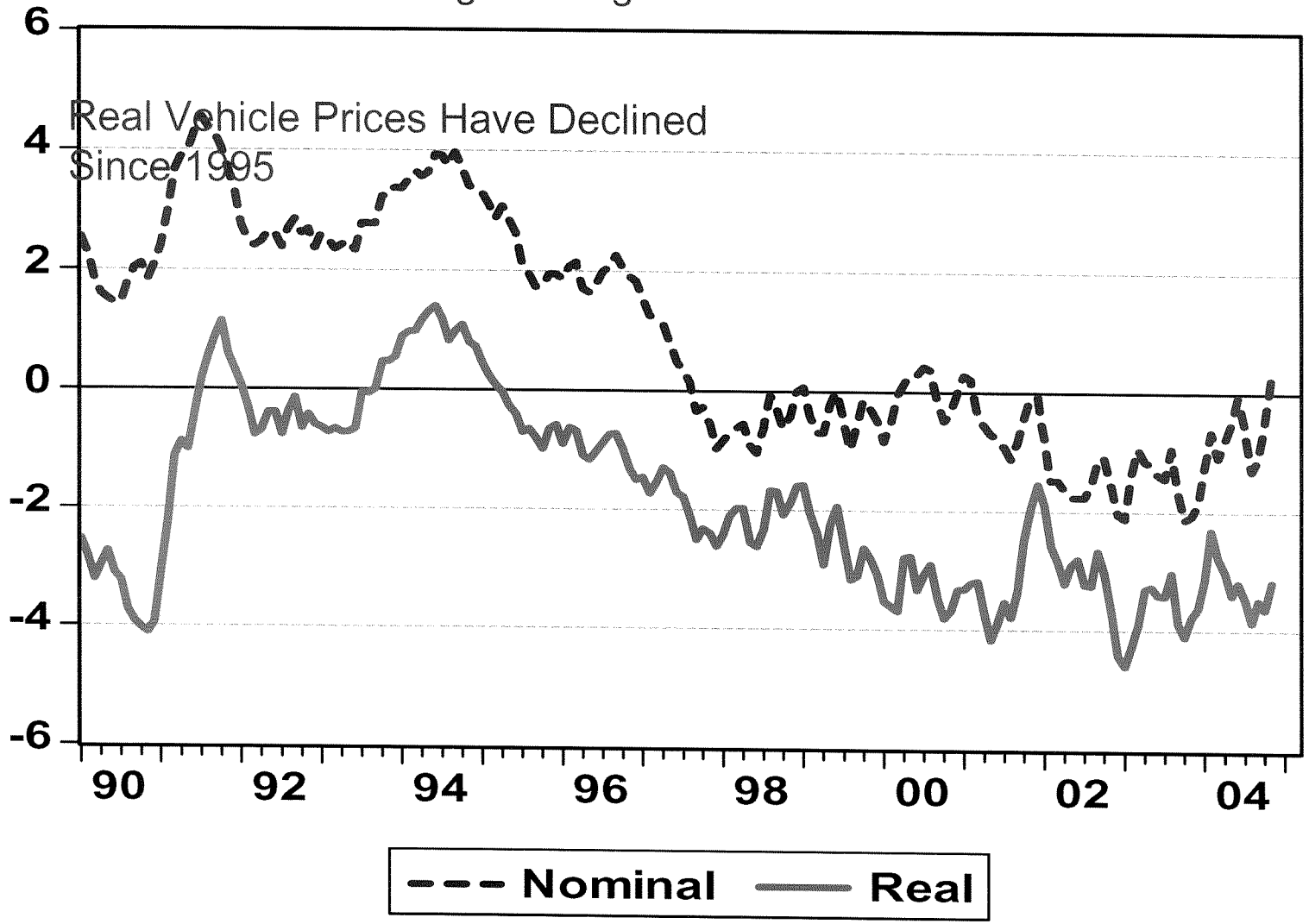
The Michigan Single Business Tax Targets Capital Investment & Employment

CPI – New Vehicles

Year-Over-Year Percentage Change



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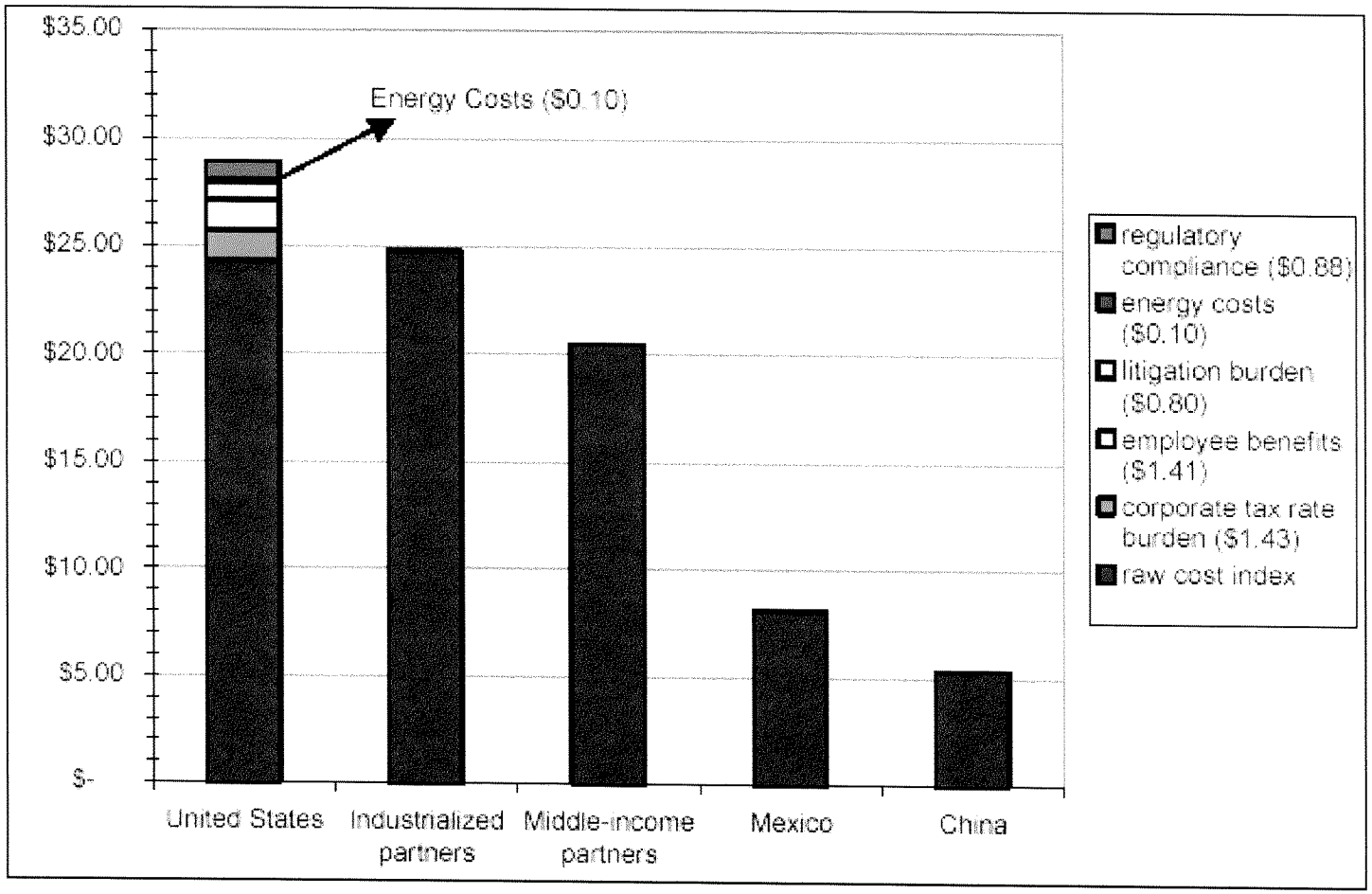
Excess Burden of "Overhead Costs" on U.S. Manufacturers Relative to Major Trading Partners, 2002

(U.S. dollars per hour worked)



Source: National Association of Manufacturers, MAPI, and The Manufacturing Institute

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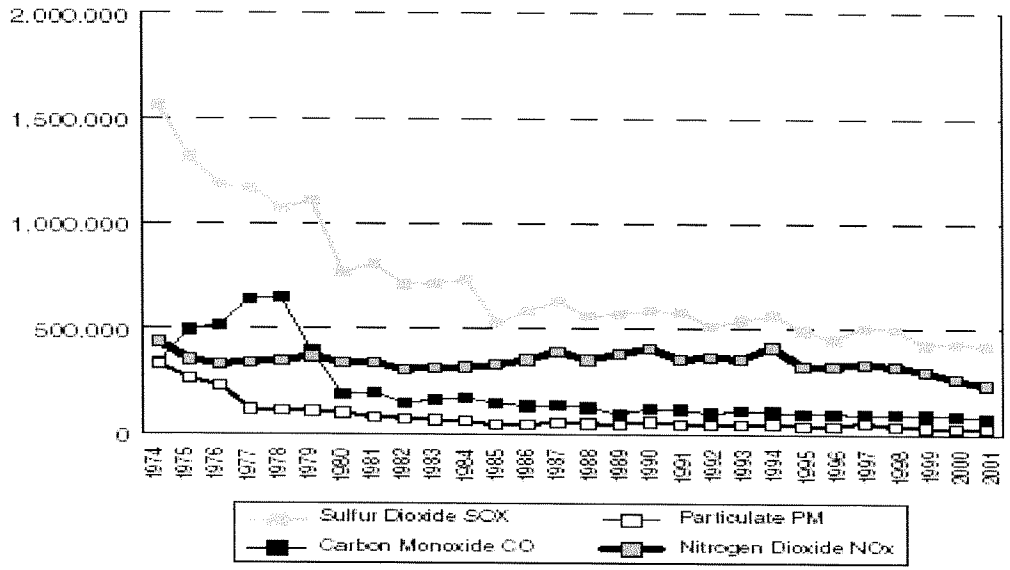
Public Policies Impose 20% Cost Disadvantage on Domestic Producers

Global Competition

"We operate in a global economy, at worldwide prices, with domestic costs."

– Dick Dauch, Founder and CEO of American Axle.

Exhibit 61. Pollution Emission Inventory Trend 1974 – 2001 (in tons)



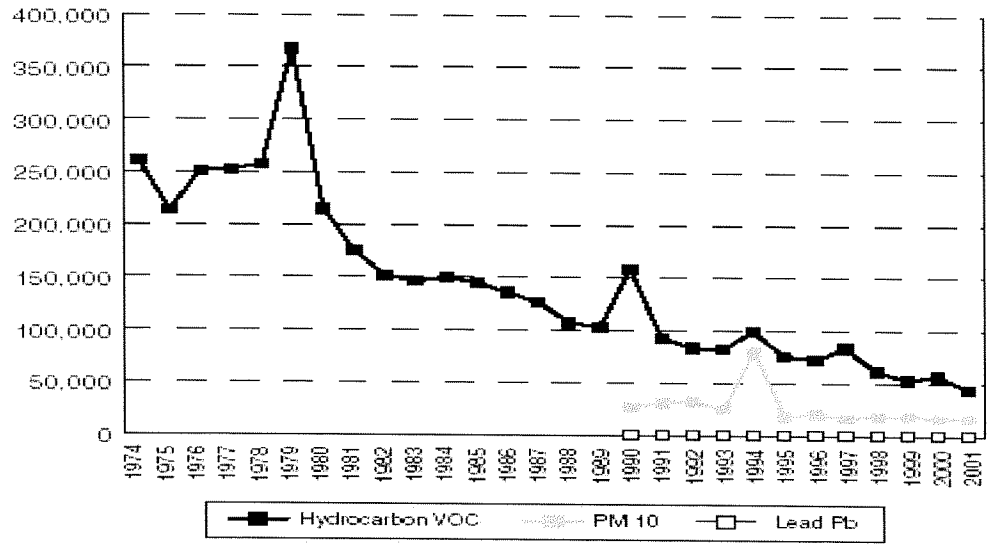


Exhibit 62. Estimated Levels of Volatile Organic Compounds and Nitrogen Oxides Emissions by Source Category

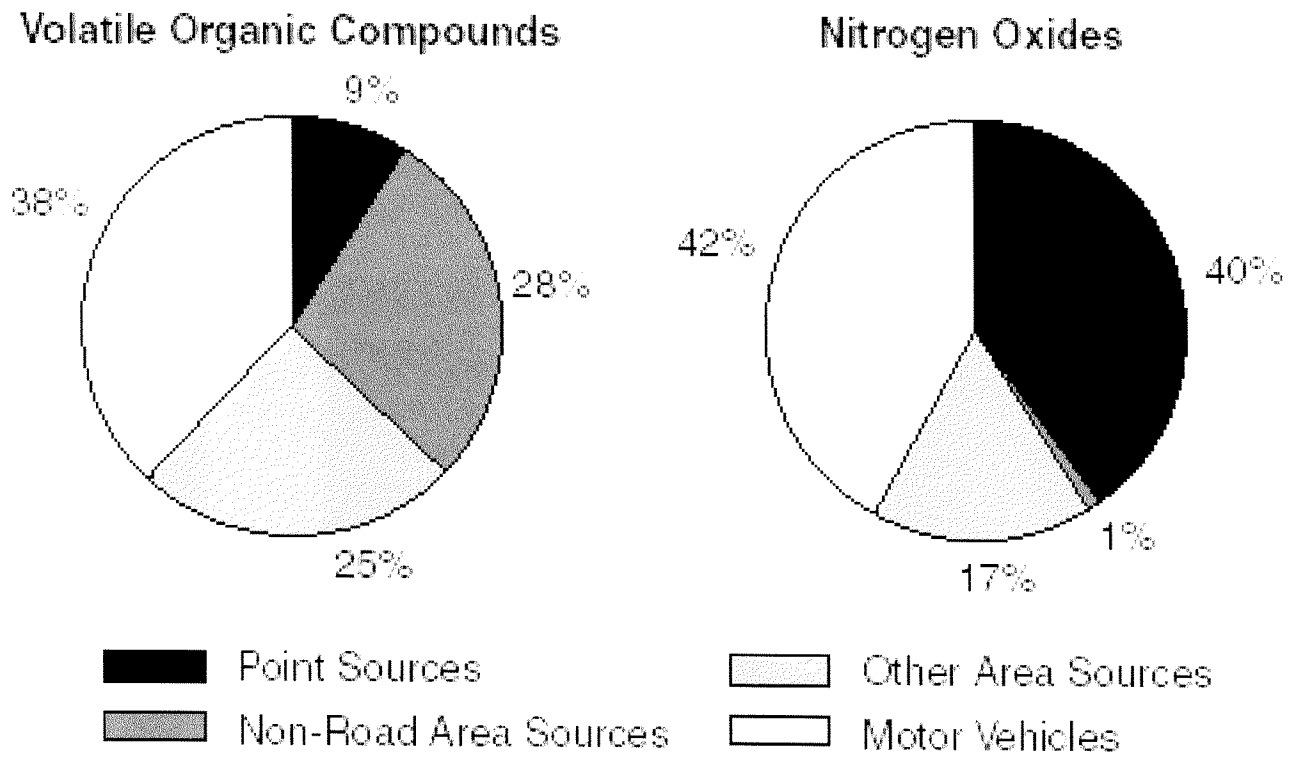
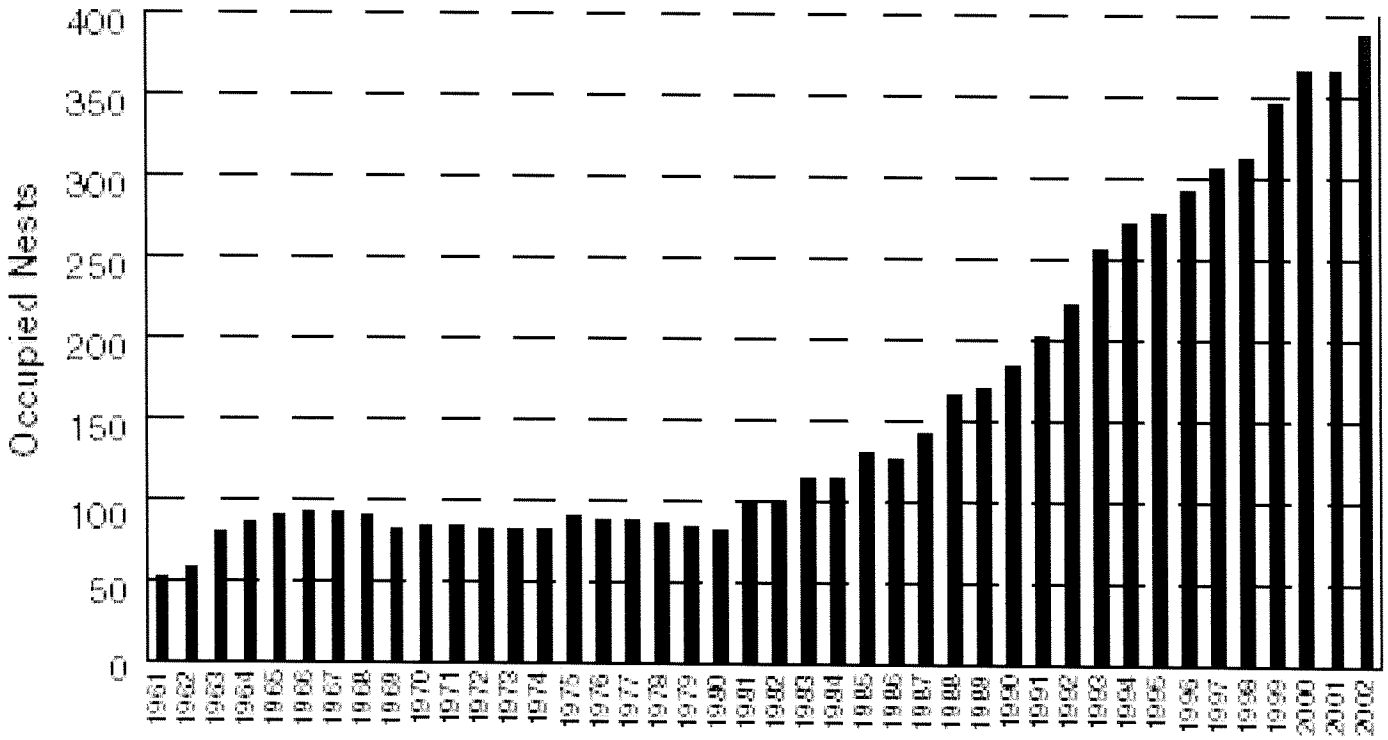


Exhibit 16. Occupied Bald Eagle Nests in Michigan 1961 – 2002



Great Lakes Basin

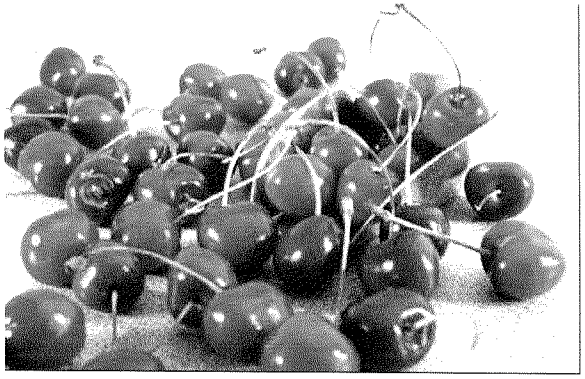
Portion of state in the Basin

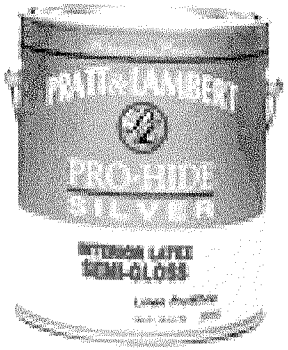
Great Lakes States	Percent of the State in the Great Lakes Basin
Illinois	0.1
Indiana	9.7
Michigan	99.9
Minnesota	7.4
New York	40.5
Ohio	28.1
Pennsylvania	1.3
Wisconsin	30.7

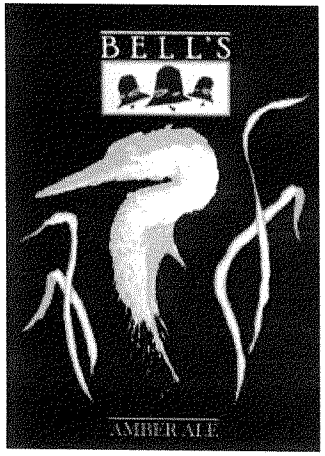
The Great Lakes Are Enormous

- Spread across the nation, they would create a lake 9.5 feet deep.
- Lake Michigan is 307 miles long, 118 miles wide 279 feet deep on average, and 925 maximum depth, 1,180 cubic miles of water.
- 65 billion gallons fall over Niagara Falls everyday – it is a dynamic system.
- Nestle agreed to limit use to 566,000 gallons a day. That is .0000087 of the amount that falls over Niagara everyday.

Products Made From Water







Two Legislative Actions On The Right Track.

- **PA 148 2003 – Groundwater Conservation Advisory Council.**
  - Report Due this Summer
- **PA 177 of 2003 - Conflict Resolution Process**
  - 14 complaints reported – all resolved

Duplicative Regulatory Programs

- Federal Clean Air Act - Sec. 112 MACT (Maximum Achievable Control Technology)
  - 80 MACTs covering every sector and type of operation.
- Michigan Air Toxics Program
  - Requires expensive analysis and documentation.
  - Duplicative regulatory burden provides no real benefit.

Fee Increases

- 92 Fee increases From 1991 – 2003
- $128,086,600 Total Fees
- 18 of them were environmental regulation

Senate Fiscal Agency

NOx Reduction Costs

- Utility Reductions - SIP Call
- Approximately 60% reduction from 2000 – 2004
  - Consumers Energy reported 62% reduction 1990-2003
- Cost utility industry about $2 billion
- Who Pays? – Everybody

Streamlined Air Permit Process

- MMA Auto Industry and DEQ
- Value Stream Mapping Process
- Reduced permit time from 348 days to180 days
- Recently GM received a permit in 22 days
- Time is Money

Beneficial Reuse of Industrial Byproducts

- Millions of tons of Fly Ash, Bottom Ash, Foundry Sands, and other materials go into landfills every year.
- Other states, like Wisconsin, allow uses like road construction, building foundation, and landscape uses, and agricultural uses.
- We have been working with DEQ on this issue, developing rules, but legislative changes will be needed.
- Michigan should remove regulatory barriers to allow for beneficial reuse of industrial byproducts.

Conclusion

- Regulations Matter
- Cost
- Timeliness