



April 19, 2016

House Tax Policy Committee
Lansing, Michigan

Re: HB 5557-58 – Transferability of tax credits

Dear Representatives,

The Michigan Environmental Council is a coalition of over 65 environmental, conservation and faith-based groups located across the state of Michigan. For the second time this month the committee has the opportunity to examine how tax policy should be used to ensure the public health and safety of Michigan residents.

Southeast Michigan is currently in non-attainment under the Clean Air Act for unhealthy levels of sulfur dioxide. This situation is one of the contributing factors to asthma rates that are 25% above national averages. Michigan has the sixth highest percentage of residents with cardiovascular disease. We are 17th in the incidence of lung cancer.

The bill before committee will allow AK Steel to assume the credits allocated to the previous owner. For all practical purposes the legislature is reissuing these credits and can place on them any conditions they deem reasonable. A minimum requirement should be a requirement that the facility remain a good neighbor by remaining in compliance with Michigan environmental laws.

Unfortunately this facility has been the site of chronic noncompliance with environmental laws at this site. After granting the original tax credits, this company (or its predecessor), received a permit modification which allowed it to significantly increase air pollution emissions including lead and particulate matter further degrading local air quality.

AK Steel had recently applied for permit to install additional pollution control equipment. But has withdrawn that application alleging they will be able to meet permit limits without the equipment. The legislature should take this opportunity to require that compliance with environmental laws be a condition of any further tax incentives.

Sincerely,

A handwritten signature in black ink, appearing to be "James Clift", written in a cursive style.

James Clift, Policy Director