

THE JACOBS CAPITOL REPORT

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JOBS: MICHIGAN FIGHTING OTHER STATES SBT Replacement + Tax Incentives Play Key Roles

James Epolito, CEO of the Michigan Economic Development Corporation (MEDC), told the Senate Economic Development and Regulatory Reform Committee that legislators need to work quickly to replace the Single Business Tax so the state can continue to offer tax incentives to attract new businesses and retain existing ones.

“The most amazing thing to me is the lack of crisis mentality towards replacing the SBT,” Mr. Epolito said, urging legislators to fill the void.

Mr. Epolito explained MEDC’s role in attracting business to Michigan by disbursing funds from the Venture Michigan Fund and the 21st Century Investment Fund, along with targeted tax credits, to retain and create as many jobs as possible.

“These are tools that all the other states use and we need to update them for the state,” Mr. Epolito said.

He pointed to Google’s new operations center in Ann Arbor and the retention of jobs at both Ford Motor Company and General Motors as examples of recent success.

Despite these successful efforts, Mr. Epolito said that he expects Michigan’s economic problems to linger through 2008.

“This is the worst it’s ever been,” he said. “We don’t have the ‘big three’ car companies to pull us out anymore.”

Epolito lamented the fact that funding for job creation services and economic development job training has gone down since fiscal year 2000.

Sen. Gilda Jacobs (D-Huntington Woods) found the lack of support distressing.

“At a time when Michigan is struggling the most, we have chosen to disinvest in tools that other states are using to attract and retain jobs,” she said.

Mr. Epolito cited states like Texas as Michigan's main competition for jobs because of the difference in the costs of labor and health care. Other states also tend to offer cash incentives and lower taxes.

"Every state is armed to the gills to attract business and retain business," he said. "We need to get up to speed very quickly."

The committee expects to hear from MEDC again as the budget process continues.

GRANHOLM: MICHIGAN TO LEAD IN ALTERNATIVE ENERGY [Governor Highlights Production Plan](#)

Just two weeks after delivering her State of the State address, Governor Jennifer M. Granholm visited a Grand Rapids college to discuss her plan to make Michigan a national leader in the production and use of alternative energy. The governor also talked about the challenges Michigan is facing and the need, now more than ever, to come together to diversify the economy and continue to invest in Michigan's people.

"In this moment of economic challenge, we will move forward by diversifying our economy and investing in our people," Granholm said. "We cannot successfully compete for the jobs of the 21st century by slashing funding for our schools, our health care, or our communities."

Granholm met with students and faculty at Calvin College, where students studying alternative energy production recently received a state grant to build a wind turbine. When complete, the turbine will help power lights and computers in an academic building on campus.

The governor talked with the group about her plan to make Michigan a national leader in alternative energy by investing more than \$100 million of public and private resources over the next three years in research and production of renewable energy sources. She has also called for 10 percent of the state's power to come from renewable sources within the next eight years.

"Our economic plan has put us on the right course," Granholm said, "but to continue building on the progress we've made, we must continue our efforts to diversify the economy. Alternative energy companies are already choosing Michigan, and this new \$100 million investment will do even more to make Michigan a national leader in this critical field."

Granholm underscored that Michigan's ability to compete, attract jobs, and keep Michigan children here in the future is threatened by the state's

financial crisis. Michigan is facing a \$3 billion shortfall. In her budget this week, Granholm proposed more than \$400 million in spending cuts and a series of government reforms in addition to a plan to fix Michigan's broken tax system in a simple and fair way that enables further investment in Michigan's people.

In addition to visiting Grand Rapids, the governor has also visited Flint and Warren to highlight key initiatives.

JACKSON PRISON GETS THE AX **Inmates Will be Moved to Other Facilities**

In a swift budget cut dictated by Governor Jennifer Granholm, Michigan's Corrections Department will close a Jackson prison containing four cell blocks with 1,500 prisoners.

According to department spokesman Russ Marlan, the Southern Michigan Correctional Facility (SMCF) will close by July. SMCF should not be confused with Jackson State Prison. Rather, SMCF is one of five correctional facilities located in the Jackson area.

The planned closing will displace 425 Corrections workers. Some could lose their jobs, but many will be transferred to other job openings in the department.

The department is currently under a hiring freeze.

“This is the first step in the governor's recommendation that we reduce our prison population,” Marlan said.

The governor plans to reduce the number of state inmates (now at an all-time high of over 51,500) by 5,500 before the end of the year. The reduction would cut an estimated \$92 million of the \$1.94 billion annual Corrections budget and will likely result in more prison closings.

Inmates housed at the Jackson facility won't necessarily be paroled. Many will be shifted to other Corrections centers as beds become available, although the governor's plan is to parole about 500 elderly and infirm prisoners and 5,000 others who already have served more than their minimum sentences. Approximately 15,000 inmates are past their minimum sentences but still behind bars as a result of parole violations or other reasons.

WIT, WISDOM, ETC . . . **Quotables**

“The past is not dead. In fact, it's not even past.”

-William Faulkner

“There is no security on this earth; there is only opportunity.”

-Douglas MacArthur

Quote of the Week: Margaret Thatcher

“Being powerful is like being a lady. If you have to tell people you are, you aren't”

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State Senator Gilda Jacobs represents the 14th Senate District, which includes Beverly Hills, Bingham Farms, Farmington, Farmington Hills, Ferndale, Franklin, Hazel Park, Huntington Woods, Lathrup Village, Oak Park, Pleasant Ridge, Royal Oak Township, Southfield, and Southfield Township. She is the Minority Vice Chair of the Families & Human Services Committee and the Campaign & Election Oversight Committee. She also serves on the Finance, Economic Development & Regulatory Reform, and Health Policy Committees.

Constituents of the 14th District may contact Senator Jacobs at
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or toll-free at 1-888-937-4453.

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