



## **Brandenburg: \$2B Bond Is 'Very Risky'**

Senate leadership may be open to Gov. Jennifer GRANHOLM's \$2 billion bond proposal, but Rep. Jack BRANDENBURG (R-Harrison Twp.), chair of the House subcommittee conducting hearings on the plan, said he can not support the plan and will fight it every step of the way.

Following today's two-hour hearing on the plan, Brandenburg said the administration's plan to dish out \$750 million in non-secured loans would "sooner or later come back to bite you in the behind." He's bothered that there is no guarantee the state would make one dime in these "very risky" investments in these start-up life science and high-tech companies and that taxpayers would ultimately pay for it.

"I wouldn't invest my money that way and I think the taxpayers deserve the same consideration," Brandenburg said.

Brandenburg and Sen. Valde GARCIA (R-Howell), chair of the Senate subcommittee looking at the proposal, both held hearings on the plan today. In between, Senate Minority Floor Leader Mark SCHAUER (D-Battle Creek) and Sen. Gilda JACOBS (D-Huntington Woods) held a press conference with three life science executives who testified to the media that Michigan needs to jump on this bold proposal or forever doom itself to "fly-over-state" status on high-tech investments.

Senate Majority Leader Ken SIKKEMA (R-Wyoming) is open to some type of scaled-down version of Granholm's plan, possibly one involving less than half of the money she's talking about and for specific purposes.

But Brandenburg made it clear in an interview with MIRS that he didn't see why Michigan should change the Constitution, as the governor is suggesting, so the state can make direct investments in a field that, as billed, would yield an average 7,200 new jobs a year for the next 10 years. For a workforce of 4.4 million people, that's not many jobs, he noted.

Also, the proposal calls on only one audit a year. In the rapidly moving life-sciences industry, a start-up can bilk the state for nearly two years and skip

Dodge before an audit picks up anything improper afoot.

"I want to jumpstart this economy more than anybody," Brandenburg said. "Michigan is stuck in the mud, but the best I can do is put a \$100 placeholder in my budget (the Department of Labor and Economic Development budget) for it. From my personal standpoint, I'm fighting it."

Brandenburg's comments followed scathing testimony today from Michigan Chamber of Commerce Vice President Rich STUDLEY, who questioned the state's ability to create jobs in general. He used the Michigan Broadband Authority as an example of how "the only high-paying jobs paying over \$100,000 that the authority has created are the jobs in its own agency."

The Mackinac Center's Diane KATZ preferred choice of comparison was the Clean Michigan Initiative. She said she's found little evidence that brownfield cleanups funded under the Clean Michigan Initiative attracted private investment to urban areas. Of the six completed "excellent-rated" brownfield cleanup projects initiated in 1999, none were sold or transferred by a municipality to a private investor by late 2002.

The proposal was not without its supporters, however. Deputy Oakland County Executive Dennis TOFFOLO said Executive L. Brooks PATTERSON supports the plan because the county is currently having a hard time drawing growing industry into the state. Anything the state can add to its "tool kit" makes the state look better to the industry.

"In order for us to succeed, you are going to have to make investments," Toffolo said.

Greg NICHOLAS, vice president of the Flint and Genesee Economic Growth Alliance, agreed. He testified that Michigan needs to play an active role in all of the fast-growing and emerging technology industries that Granholm has identified in the "Jobs Tomorrow" plan.

Nicholas urged the committee to look at Kettering University's work in the fuel cell area as typical of the types of development that could occur under the governor's bonding program.

The question, according to Randal CHARLTON, co-founder of Asterand Inc., is whether Michigan wants to turn New York into the country's fly-over state for national and international investment. The growing life science and high-tech industry is expanding, but the window for opportunity is closing.

Passing a "big, bold" \$2 billion bond proposal would put Michigan on a "world stage," he said. It would send a message that Michigan is serious about attracting these markets and are willing to fight China, India and Europe to get them.

"If you don't do it, you won't need road projects," he said. "You'll have grass growing over the roads."

At today's press conference, Charlton's comments were backed up by David ZIMMERMANN, CEO of Kalexsyn in Kalamazoo, and Rob RISSER, president and co-founder of Picometrix in Ann Arbor.

All three executives are heads of rapidly growing companies that were able to take advantage, in various degrees, of the resources Michigan was able to offer — be it the university system or the current Michigan Economic Development Corporation (MEDC) life science corridor money.

If Michigan is content with "more of the same" as far as its commitments to the industry and is willing to let other states and countries bury it in the race to establish this sector, Zimmermann said he could move his business to California, change the first letter of his company's name from "K" to "C" and he'd still be "Calexsyn".

"We need the hand to walk forward," Zimmermann said.

### *A Little Too Inclusive?*

Today, opponents of Gov. Jennifer GRANHOLM's plan to restructure the Single Business Tax (SBT) were quick to notice that her most recent newsletter included the Small Business Association of Michigan (SBAM) among groups that "endorse" the plan.

Granholm Press Secretary Liz BOYD, told MIRS this afternoon that listing SBAM as endorsing the proposal was a mistake and that the administration had noticed the error prior to receiving the call from MIRS.

"It's an error," Boyd said. "However, we are thankful to SBAM for the support they've given us."

As has been covered repeatedly by MIRS, SBAM has neither endorsed nor opposed Granholm's SBT proposal. SBAM officials, who often appeared at news conferences initially touting the plan, say they support the plan as a good starting point from which to begin the overall tax restructuring debate but have not endorsed it as a final solution.

The sentence in the newsletter stated:

*"In addition, the plan has been endorsed by the Michigan Manufacturers Association, major Michigan employers like Steelecase, Pfizer, US Steel, and the Big 3 automakers, the UAW, Michigan AFL-CIO, the Michigan Municipal League, and the Small Business Association of Michigan (SBAM)."*