

Michigan's \$50 million copper mine deal looks hard to justify

State should save its pennies rather than spending them on U.P. project

By Jarrett Skorup | January 2025

Michigan's "economic development" agency last March announced its plan to give \$50 million in taxpayer money to a Canadian company that might build a copper mine in the Upper Peninsula. The subsidy to Toronto-based Highland Copper came with promises of \$425 million in capital investment and 380 "high-wage, family-sustaining jobs in the Western Upper Peninsula," but the Copperwood Mine deal has lost much of its luster recently.

The project stalled last month in the face of immense pushback from environmental groups and some citizens. These concerns are likely overblown. Mining is already heavily regulated to minimize damage to the environment. A new mine would pose no more threat than all the other mines currently in operation.

But the economic justification for this taxpayer subsidy is weak.

Let's look at the facts.

The state's Strategic Outreach and Attraction Reserve program is funding the mine. The primary purpose for this fund, and the one most lawmakers pointed to when initially passing the program, was to lure companies to relocate or stay in Michigan instead of doing business in some other state. That justification makes no sense in the case of a mine that you can't just pick up and move.

The money is also funding a Canadian company for a project that is supposed to cost \$425 million. The state gives Highland \$50 million

once the company has raised \$150 million. (So far, it has raised zero.) The company getting the investment is only valued at \$60 million.

The project isn't new. It was tried 10 years ago but couldn't get off the ground when copper prices plunged. Of course, market conditions change — but how could state bureaucrats know better than the market when is the right time to invest in a copper

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mine? If this project is worth it, private investors will easily cover the \$50 million state officials dangled in front of the company.

Some local groups advocate for the project and the jobs it might bring. But these job announcements are often exaggerated. My colleague James Hohman recently reviewed dozens of state subsidy deals and found that companies created only one of every 11 jobs they announced in these deals.

This might be the end of the road for this project. After the \$50 million in taxpayer subsidies was approved by a state board and a House committee, the funding failed to pass the Michigan Senate.

There's some irony in the fact that environmentalists help kill these subsidies, as one of the main uses of the copper would be to build electric vehicle batteries that environmentalists love to subsidize. But that should have been beside the point. Based on the economic factors, the project never should have been approved for taxpayer subsidies.

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