

Good Morning Mr. Chairman and Committee Members. My name is JoAnn Crary and I'm President of Saginaw Future, a non-profit, county-wide economic development organization. I'm a past board member of the Michigan Economic Developers Association and am currently on the board of the International Economic Development Council. I am also on the MEDC's Executive Committee and have been working to bring jobs and new investment to Michigan for 25 years.

On behalf of my colleagues here today, I'd like to thank you for the opportunity to provide an overview of economic development in the Mid Michigan Region.

Mr. Chairman and Committee Members, we appreciate the time you have taken to get to know the unique opportunities in each region of Michigan and to understand the issues we are facing to grow businesses, jobs and investment in this state.

As mentioned in prior testimony the Michigan Economic Developers Association has begun the process of producing a white paper to identify strengths and weaknesses to the State's economic development effort.

John Avery, Executive Director of MEDA has provided a timeline for developing the white paper. This will include a series of surveys and regional focus groups and the development of recommendations to the legislature targeted for September, 2010. We appreciate working with you Mr. Chairman and your committee to prepare the white paper.

Now, I'd like to introduce the local economic development leaders from the Mid Michigan Region. They include:

Tim Daman from the Lansing Regional Chamber

Scott Fleming with the Enterprise Group of Jackson

Don Schurr from Greater Gratiot Development

And I am here representing Saginaw County as well as our partners in Bay and Midland Counties – now known as the Great Lakes Bay Region.

Let me take a few moments and paint a picture of Saginaw County. We have one of the top tourist destinations in the state with our small towns of Frankenmuth and Birch Run. **Tourism** is a very important industry and we have just landed two major sporting events –

- A 9 state soccer tournament which will fill every hotel room in Saginaw/Bay/Midland and portions of Genesee and Isabella Counties in June, 2012
- A statewide bowling tournament from June through end of April, 2011 that will draw 12,000 to 15,000 bowlers at a time of the year when hotel sales are typically slow.
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Tourism brings in over \$250m annually to our region and we are projecting 3% growth in 2010.

Agriculture is also very important to our region. In Saginaw County alone, **64%** of our land is in agriculture and we make sugar, process beans, produce pastry flour used by the nation's major pie & cookie bakeries and our pickle factory processes pickles and peppers for Subway and

Burger Kings throughout the US. We currently have \$13.5 m in projects slated for 2010 in Ag-processing related facilities.

Automotive continues to be an important industry. We had 25,000 jobs in the automotive industry when I first started in Economic Development and today, we have less than 5,000. But automotive remains critical to our region's health as Nexteer Automotive – formerly Delphi Steering Systems – has committed to retaining its global headquarters, engineering and R&D in Saginaw and due to a recent retention MEGA – has committed to investing \$400m and retaining 2400 jobs for the next 10 years.

Interestingly, Saginaw has historically had an unemployment rate that was higher than the state, but over the last few years, our rate has been lower. For example, In March 2004, Michigan's rate was 7.9% and Saginaw County's rate was 9.9% - 2 percentage points higher. In March, 2009 Michigan's rate was 13.3% and Saginaw County's was 12.4% - nearly 1% lower. This year, it is also lower than the state. We believe that this is true because we have lost our dependence on one industry and have been able to diversify our economy.

We are also a *regional center for healthcare, shopping and business services* with two of Michigan's largest accounting firms headquartered in Saginaw, engineering and architectural firms and major building contractors who do business throughout the Midwest.

But with all of that, we've seen the biggest area of growth in *renewable energy*. Hemlock Semiconductor is world's largest producer of polycrystalline silicon, the raw material that is in 1/3 of all electronic devices. It's also the material that is the driver for the solar industry. The company has invested \$2.5 billion since 2005 in expansions because of the global demand for solar expansion. HSC is also the state's largest user of electrical energy and the cost of energy was the most important competitive issue facing our region in securing the latest investment.

Because of your action approving the new Photovoltaic Credit, we were able to attract Suniva to our region. Suniva produces high-efficiency solar cells and was highly sought after. The PV Credit made the difference for Michigan. The company plans to invest \$250m and create 500 excellent jobs with benefits.

All told, we have assisted nearly 450 companies with expansion projects and with new locations, creating and retaining over 18,000 jobs and investing \$5.7 Billion dollars in Saginaw County alone. And each of these projects was the result of a team working together to support economic development.

I cannot overstate the importance of our partnership with the MEDC. In 90% of these projects, our organization has worked with the MEDC to package the appropriate type of support to secure the project. And very few of these were MEGA's. They may have included grants for public improvements of road, sewer, water lines, railroad spurs, job training support, tax abatements, low interest loans, tax exempt bonds or just the ability to access capital in a subordinated position to bank financing.

The key is that there are hundreds of knowledgeable individuals at the MEDC and through local economic development organizations that understand the needs of growing businesses and help provide the support needed to help secure the jobs and investment.

Our partnership with the MEDC is critical to our continued success. The MEDC is a national leader and is a model replicated by others throughout the country. A key priority for the next administration is to retain the MEDC as the lead economic development organization for Michigan. Michigan cannot afford to let the MEDC go dark.

I'm not suggesting that everything is perfect. There are competitive issues need to be addressed - the first of which is the over-reaction to the MEGA situation. It is absolutely ridiculous to subject every company wanting incentives to go through a punishing, in-depth background check. This policing of individuals in key companies will cause harm to the state including the loss of investment. I can tell you that other states are already using this new layer of bureaucracy to lure our companies away.

Another area of concern is the cost of electrical energy. While Michigan provides rates that are comparable to many states, it's difficult to compete with states like Tennessee, which sit on top of coal mines and others with low cost hydro electric energy. If we are serious about attracting the solar industry and retaining automotive and other manufacturing jobs, Michigan needs to address the cost of energy for large industrial users.

And speaking of energy, we are still awaiting the final permits needed for a \$2b clean coal generating facilities. One of the top business factors that companies consider when locating in an area is access to affordable, reliable energy. The Great Lakes Bay Region Chambers of Commerce and economic development organizations have gone on record supporting the efforts of Consumers Energy to construct a new clean coal generating facility as it is critical to our economic development efforts.

Finally, as a board member of IEDC, I have the opportunity to see best practices throughout the country and have found that one area we are lacking in Michigan is large – shovel ready sites. When we hear of major firms locating in Tennessee or Alabama or Texas and we're asked why the company didn't consider Michigan, one big reason is that we don't have a 1000 acre site that is fully prepared with road, sewer and water service with ownership control. Can you imagine what an impact a 2,000 employee facility would have on a community like Clare, with an unemployment rate of nearly 20%?

Some of these competitive factors have easy solutions, but it takes the will of the legislature and the leadership of the Governor's office to address them for the long term. We sincerely appreciate the opportunity to provide testimony and look forward to working with you Mr. Chairman and your committee in preparing a White Paper for economic development this Fall.

Next, I'd like to call on my colleague Tim Daman of the Lansing Regional Chamber of Commerce.

