Testimony on House Bills 5104 - 5107

Michigan already operates a program that allows administrators to give whatever business they want much they want to give, with the only limit being what is appropriated and what appropriations committee members agree to allow. This is an inappropriate way to operate state economic development policy.

These bills further extend that unlimited structure, allowing for local governments and other entities to receive similar support from the state.

Subsidy policies ought to have clear economic or fiscal goals associated with them and etched into statute to ensure that supporters may be held accountable for the state's subsequent economic performance. This bill does not have state economic performance requirements. It continues the state's history of adding economic development programs that are not required to grow the economy.

Even without accountability linked to the state's actual economic performance, legislators should establish clear criteria about what projects can receive state funding and how much projects may receive. The bills propose a list of nonexclusive criteria that can be fulfilled with stated intent rather than project requirements. To the extent that the bills establish state funding guidelines, it creates a minimum amount of funding rather than a maximum. Administrators should have some discretion, but only within bounds clearly established by the legislature. Those do not appear in the bills.

Economic development legislation should be required to grow the economy. New programs ought to have clear expectations and outcomes. Programs to award economic assistance ought to subject to clear cost-benefit analyses by independent reviewers that weigh programs against alternative applications of state funding, such as greater infrastructure spending or across-the-board tax cuts. Legislators should be working to establish more functional selective assistance rather than extending programs that lack these features.

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