



ANGLERS OF THE AU SABLE

An affiliated member of the Federation of Fly Fishers

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To: House Natural Resources and Agriculture Committees
From: Anglers of the Au Sable
Date: February 3, 2016

Re: HB 5255, and HB 5166, 5167 and 5168

Negative Economic Effects of Grayling Fish Farm on the Local Economy, Jobs, Property Values and Property Taxes

This is submitted by the Anglers of the Au Sable, an all-volunteer 501(c)(3) organization whose mission is to preserve, protect and enhance the Au Sable River. The Anglers of the Au Sable supports HB 5255, with the urgent request that it be expanded to include strong regulation of flow-through aquaculture facilities on rivers and streams. We oppose HB 5166, 5167 and 5168 for reasons to numerous to list here.

Due to the extremely short notice of these committee hearings, we have not had time to reduce our entire testimony to writing. In reviewing these bills, however, we urge consideration of the attached studies when assessing the economic costs associated with poorly regulated aquacultural operations in Michigan. While these studies relate specifically to the Crawford County area and the proposed Grayling fish farm, the concepts are generally applicable throughout the state.

Assessment of Economic Effects of Increased Production at the Grayling Trout Hatchery

Frank Lupi, Ph.D., November 2015

Dr. Lupi is a conservation economist at Michigan State University. He was retained as an expert witness in the Matter of The Permit issued to Harrietta-Grayling Fish Hatchery, NPDES Permit MI0059209, litigation contesting the pollution discharge permit issued by the Michigan Department of Environmental Quality for the proposed Grayling fish farm. That facility is located just upstream from the famed Holy Waters of the Au Sable River. The fly fishing on the Au Sable is world famous. It is major tourist destination for fishing and watersports recreation users. Dr. Lupi concluded:

1. The anticipated reduction in water quality from the fish farm will “generate significant total reductions in property values” and “correspondingly, reductions in property values will reduce property tax receipts.” (p. 3)

2. Recreational fishing will be negatively affected by degradation of water quality and a reduction in trout biomass. Losses “in recreational value to recreational anglers [will be] about \$250,000 to \$645,000 per year,” and “lost impacts to the regional economy [will be] about \$1.77 to \$4.6 million per year.” (p. 7)

3. Water sports will also be reduced, e.g., canoeing, kayaking, and floating, with “losses in economic value to watersport recreation users of about \$420,000 per year,” and “lost impacts to the regional economy of about \$880,000 per year.” (p. 9)

4. As a result, based on conservative estimates, between 26 and 50 jobs will be lost in the area. (Tables 1 and 2, pp. 4 and 8)

5. The economic justifications put forth in favor of the fish farm (e.g., it will create 2½ FTE jobs) are either without merit or totally outweighed by its negative economic effects. (pp. 11-14)

Northern Michigan Property Values: The Significance of Riverfront Property
Public Sector Consultants, August 2013

Public Sector Consultants is a public issue research organization focused on Michigan issues. We retained PSC to compare the property value and property taxes levied on riverfront properties compared to all properties in Crawford, Kalkaska, Lake, Manistee, Otsego and Roscommon counties. The study concluded:

1. Riverfront properties are valued higher than non-riverfront properties. (p. 7)

2. Riverfront properties pay a proportionally higher amount of taxes. (p. 7)

3. In Crawford County, riverfront parcels comprise 11% of all parcels, but contribute 23% of property taxes and 26% of SEV. (pp. 4, 7)

While these studies are focused on the Grayling fish farm and the Au Sable River, the concerns they raise are generally applicable to similar situations around the state. Flow-through systems on rivers and net pens in the Great Lakes are a net negative for local economies and the state as a whole. Banning them, and encouraging recirculating systems would be wise, would avoid their negative effects – environmental, economic and social – and would encourage safe, sustainable aquaculture in Michigan.

Respectfully submitted,

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