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### **HEMLOCK SEMICONDUCTOR TAX BREAK TACKED ONTO HOUSE ENERGY PACKAGE**

As the House Energy and Technology Committee prepares on Wednesday to take up its rewrite to electric choice, commonly referred to as PA 141, a package of bills granting Michigan Business Tax credits to Hemlock Semiconductor Corporation based on how much energy the company uses have been tie-barred to it.

In order to receive the tax credits starting in 2012 and running through 2024, the maker of polysilicon crystalline would have to enter into an agreement with the Michigan Economic Development Corporation saying it will construct or operate a new or expanded facility in the state.

The package ([HB 5972](#), [HB 5973](#), [HB 5974](#) and [HB 5975](#)) is tie-barred to electric choice changes in [HB 5524](#). The bills are sponsored by [Rep. Andy Coulouris](#) (D-Saginaw), [Rep. Jeff Mayes](#) (D-Bay City), [Rep. Terry Brown](#) (D-Pigeon), [Rep. Dick Ball](#) (R-Bennington Township) and [Rep. Kenneth Horn](#) (R-Frankenmuth).

Committee chair Rep. Frank Accavitti (D-Eastpointe) said Monday he did not know whether the Hemlock bills would be ready for testimony this week.

But putting the Hemlock bills into a package that already contains energy efficiency and renewable portfolio standards ([HB 5548](#), [HB 5549](#) and [HB 5525](#)) adds a new layer to a discussion on the state's energy needs that has been ongoing for over a year.

Chuck Hadden, vice president of government affairs for the Michigan Manufacturers Association, said Monday he thinks it will help the energy package as it moves through the process. And Mr. Horn told Gongwer News Service that it in fact helped him get comfortable with supporting some of the other mandates in the package and that because the governor wants a RPS badly, it was a way for some lawmakers working on the Hemlock issue to get her to take a bit more notice of that project.

Mr. Horn said making sure Hemlock stays in Michigan has been an ongoing battle since Tennessee has matched every Michigan economic development incentive. Providing a tax credit based on the energy a company uses hasn't been done before, he said, but it's important since that is the company's biggest cost.

Politically, Democrats and some House Republicans who have been working on the package have been looking for a way to get more support for it as it moves over to the Senate. Mr. Horn said he was only prepared to stick his neck out for the major utilities that will benefit from PA 141 changes if the package included a provision to diversify the state's economy and add jobs. Since the legislation also deals with increasing the use of renewable energy, Mr. Horn said he thought the Hemlock bills fit in well.

"For the past two and a half years, I have said if we solve the Hemlock Semiconductor problem, we have solved the Michigan problem," he said.

Asked about how fair it is to offer this kind of tax break to just one Michigan business, Mr. Horn and Mr. Hadden said it works because no other business uses as much energy as Hemlock does.

Mr. Horn noted that in the MBT, companies can take credits for things like compensation and research and development, which benefits the auto sector more so than Hemlock. And Mr. Hadden said that if lawmakers ever found a situation similar to Hemlock, the bill or law could be amended to include more companies.

Both men also added that recent legislation granting businesses a tax credit for convincing their customers to locate in Michigan, referred to as the anchor zone legislation, was also targeted for Hemlock.

Gongwer also asked whether it was counterproductive to give a company a tax break based on how much energy it uses while at the same time including legislation requiring businesses to be more energy efficient. Both Mr. Horn and Mr. Hadden said it wasn't because each company still will have a choice as to how it will become energy efficient and Hemlock "will be as energy efficient as they can be."

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