



GRETCHEN WHITMER
GOVERNOR

STATE OF MICHIGAN
STATE BUDGET OFFICE
LANSING

JENNIFER L. FLOOD
DIRECTOR

December 3, 2024

The Honorable Sarah Anthony, Chair
Senate Appropriations Committee
Michigan State Senate
State Capitol
Lansing, Michigan 48909

The Honorable Angela Witwer, Chair
House Appropriations Committee
Michigan House of Representatives
State Capitol
Lansing, Michigan 48909

Dear Legislators:

SUBJECT: Legislative Transfer Request 2025-2

I recommend the following fiscal year 2025 legislative transfer for your approval. This transfer is in accordance with section 393(2) of Act No. 431, P.A. 1984, as amended and is recommended for approval by the House and Senate Appropriations Committees.

The following information summarizes the transfer recommendation:

<u>Department</u>	<u>Transfer Amount</u>
Labor and Economic Opportunity	\$170,000,000
Total	\$170,000,000

If you have any questions regarding this request, please contact my office at (517) 335-3420.

Sincerely,

Jennifer L. Flood
State Budget Director

Attachment

cc: Winnie Brinks, Senate Majority Leader
Joe Tate, Speaker of the House
Aric Nesbitt, Senate Minority Leader
Matt Hall, House Minority Leader
Senate Appropriations Committee
House Appropriations Committee
Senate Fiscal Agency
House Fiscal Agency

Departments
JoAnne Huls, Chief of Staff
Tricia Foster, Chief Operating Officer
Zack Pohl, Deputy Chief of Staff
Patti Tremblay, Director of Legislative Affairs
Kyle Guarrant, Deputy State Budget Director
Heather Boyd, Office of Financial Management
Internal State Budget Office

Legislative Transfer
Letter # 2025-2

Labor and Economic Opportunity

FROM: BOILERPLATE APPROPRIATIONS			
Contingency funds	B24000		(50,000,000)
State restricted contingency revenues 376	2015	STRS	(50,000,000)
TO: STRATEGIC OUTREACH AND ATTRACTION RESERVE			
Michigan strategic site readiness program	54315		50,000,000
Strategic outreach and attraction reserve fund transfer to Michigan strategic fund	2658	STRS	50,000,000

This transfer provides \$50 million in state restricted contingency authorization to the Michigan Strategic Site Readiness Program (MSSRP) pursuant to Article 9, Sec. 210 of PA 121 of 2024. Funds are transferred into the Michigan Strategic Site Readiness Program to support a grant to Copperwood Resources Inc. for infrastructure improvements to open a copper mine in the Wakefield and Ironwood Townships, Gogebic County. The \$50 million state investment will support infrastructure improvements that directly benefit the site, including but not limited to, transportation access, water and wastewater, water quality analysis (groundwater) as well as projects that will result in increased power reliability and cellular and broadband access for the site and surrounding community. The mining operation, with a projected life of 11 years, is estimated to generate over \$121 million in tax revenue to the state including over \$62 million generated though the Michigan Severance Tax, which represents significant additional revenue to support local investments that create additional economic development in the region. This tax is specific to the mining industry and would not be realized by other types of business investments.

The Michigan Strategic Fund Board approved the performance-based incentives for this project on March 26, 2024. The project secures up to \$425 million in capital investment in Michigan by Copperwood Resources Inc. and creates up to 380 new jobs in Michigan with average wages from \$80,000 to \$120,000, which is twice the median regional wage of \$41,000. The project supports a vision for Michigan to be the leader and sole source of “Mining to Mobility.” Copper is essential for renewable energy and electric vehicles, as it is used in wind turbines and solar panels, as well as in the batteries and wiring of electric vehicles. As the world moves towards cleaner energy sources, the demand for copper is expected to continue to grow.

Revenue to support this transfer is available from the Strategic Outreach and Attraction Reserve Fund (SOAR). This transfer is in compliance with the statutory requirements for the use and expenditure of the SOAR Fund in its enacting legislation. An additional SOAR transfer totaling \$120 million has also been requested. If both transfers are approved, there would be \$534.1 million remaining in the SOAR fund to support future transfers.

Report ID: BUD-TRNLET-0046**Run Date:** 12/03/2024**Run Time:** 1:15:49 PM**SIGMA****Transfer Letter Detail****Legislative Transfer****Letter # 2025-2****FROM: BOILERPLATE APPROPRIATIONS**

Contingency funds	B24000		(120,000,000)
State restricted contingency revenues 376	2015	STRS	(120,000,000)

TO: STRATEGIC OUTREACH AND ATTRACTION RESERVE

Critical industry program	38773		120,000,000
Strategic outreach and attraction reserve fund transfer to Michigan strategic fund	2658	STRS	120,000,000

This transfer provides \$120 million in state restricted contingency authorization to the Critical Industry Program (CIP) pursuant to Article 9, Sec. 210 of PA 121 of 2024. Funds are transferred into the CIP to support a grant to The Dow Chemical Company to focus on modernization of the company's Michigan Operations Industrial Park and Auburn Operations facilities in the City of Midland, Midland County and Williams Charter Township, Bay County, Michigan. Modernization efforts include infrastructure improvements, building renovations, new building construction, and silicones manufacturing process equipment life extensions and capacity expansion.

The Michigan Strategic Fund (MSF) Board approved performance-based incentives for this project on July 23, 2024. The project secures at least \$785 million in capital investment in Michigan by The Dow Chemical Company and retains at least 5,000 full-time positions in Michigan. This CIP grant, in addition to the other incentives approved by the MSF Board, will support Dow's ongoing manufacturing and research and development operations in Michigan enabling faster development of innovative solutions and positions the industrial park for future manufacturing growth. As it relates to Dow's silicones manufacturing business, the process equipment investments will include expansions to support strategic growth areas, including scaled production of materials for use in electronic vehicle batteries, among other technologies.

Revenue to support this transfer is available from the Strategic Outreach and Attraction Reserve Fund (SOAR). This transfer is in compliance with the statutory requirements for the use and expenditure of the SOAR Fund in its enacting legislation. A separate SOAR transfer of \$50 million has also been recommended. If both transfers are approved, there would be \$534.1 million remaining in the SOAR fund to support future transfers.