



STATE OF MICHIGAN
OFFICE OF THE GOVERNOR
LANSING

JENNIFER M. GRANHOLM
GOVERNOR

JOHN D. CHERRY, JR.
LT. GOVERNOR

November 21, 2005

Michigan House of Representatives
State Capitol
Lansing, Michigan 48909-7514

Ladies and Gentlemen:

Today I have approved and signed Enrolled House Bill 5047. The bill amends the Michigan Strategic Fund Act and makes appropriations for Fiscal Year 2006. However, I write to advise you that I have disapproved two distinct items in the bill pursuant to Section 19 of Article V of the Michigan Constitution of 1963. The specific item vetoes are detailed in the attached copy of the bill, which has been filed with the Secretary of State.

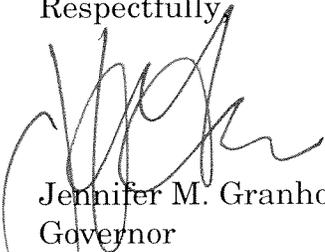
This legislation represents a \$400 million initial down payment on the diversification of Michigan's economy and the creation of good paying jobs for residents of this state.

My action on this bill also includes item vetoes of the following legislative earmarks not part of the agreement I announced with your leadership earlier this month that subsequently were added to Section 88J of the bill by the House of Representatives:

- \$ 5 million for specialty crop grants and loans; and
- \$ 1 million for a "core technology alliance".

I commend the Legislature for its action in approving this vital investment in securing Michigan's future.

Respectfully



Jennifer M. Granholm
Governor

Attachment

c: The Honorable Kenneth R. Sikkema, Senate Majority Leader
The Honorable Robert L. Emerson, Senate Democratic Leader



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Ladies and Gentlemen:

Late last week I was presented 25 bills authorizing investments in new technologies and providing tax incentives for expanded business activity—legislation aimed at diversifying Michigan's economy and creating and retaining high-quality jobs for the people of our great state. Today I have approved 23 of the bills and my administration immediately will begin implementing many key components of the legislative package.

These new laws will enable the creation of new jobs and the investment of as much as \$2 billion in the development of new technologies such as life sciences, alternative energy, and advanced manufacturing that will drive Michigan's economy into the future. We will unleash new incentives for private venture capital investments to grow businesses of the future here in our state and encourage investors to reinvest their returns in early stage businesses in Michigan. Businesses seeking to grow in our state will find easier access to capital and lower business formation costs. We also will fast track the process for the filing of corporate documents, cutting red tape for job providers.

Additionally, I have approved several bills providing tax incentives for businesses to locate and grow in Michigan and to create and retain jobs for Michigan residents. The tax bills approved generally are consistent with the bipartisan agreement I announced with the Speaker of the House of Representatives and the Senate Majority Leader this month.

Unfortunately, while the Legislature accomplished much with this package of legislation, your actions fall short of implementing the announced agreement. Several changes in tax policy that your leadership agreed to change either were not included in the package or were not changed as agreed. Two bills in particular, Enrolled House Bill 5096 and Enrolled House Bill 5107, are not consistent with the agreement and create bigger tax loopholes rather than closing them. Accordingly, I

Michigan House of Representatives

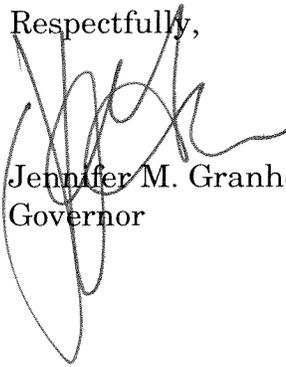
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Page 2 of 2

have not approved the bills and return them to you without signature, as provided under Section 33 of Article IV of the Michigan Constitution. House Bill 5096 fails to properly close a judicially-created tax loophole relating to commercial rental property. House Bill 5107 includes badly flawed language that could substantially jeopardize the collection of Michigan's use tax.

I urge you to take action quickly to correct these deficiencies and fully implement the bipartisan leadership agreement so that the tax incentives previously negotiated, agreed, and announced will become effective and further benefit Michigan's economy.

Respectfully,



Jennifer M. Granholm
Governor