

Michigan's Agri-Food Industry

More than a Decade of Agri-Economic Success

1997-2009



Grow With Us

Michigan Agri-Food Industry

No Small Business

- Contributes \$71.3 billion annually to the state's economy.
- Employs 1 million Michigan residents, nearly 25 percent of people working in Michigan.
- Produces over 200 commodities.
- Second most agriculturally diverse state in the U.S.

More than a Decade of Agri-Economic Growth

- The Michigan Agri-Food industry has increased 129% since 1997, based on U.S. Census of Agriculture data and MSU sources. This is sound and sustainable growth!



Michigan Exports



Source: USDA

Michigan's Exports Worldwide

(USDA 2008 results)

- Generated more than \$1.684 billion.
- Employs more than 19,691 residents.
- Exports almost one-third of its 200+ agricultural commodities.
- Over the past decade, 382 Michigan companies received reimbursement for international marketing (branded product) activities and participated in trade missions, trade shows and buyer's missions.
- These companies had actual export sales of \$304 million.
- These companies reported 7,573 buyer contacts.



Michigan Agriculture Exporter of the Year

Honee Bear Canning, Lawton

- Fruit and vegetable processor
- Family-owned for over 60 Years
- Purchases more than 90 percent of their raw product from Michigan growers.
- Sells to major retail and food services:
 - Sysco
 - Wal-Mart
 - Kroger, and Safeway
- Exporting (since 1973) to:
 - Australia
 - Canada
 - Iceland
 - Japan
 - Korea
 - New Zealand
 - South Africa
 - Taiwan
 - The Mediterranean



*Export
growth of
six percent
in 2006
and eight
percent in
2007.*

Michigan Agriculture Business Expansions

Gerber Products Company, Fremont

- Invested \$75 million in their facility in Fremont.
- Maintained their current level of employees at 1,100, and adding 200 new jobs.
- Purchases agricultural products from over 200 Michigan growers and more than 61,000 tons of produce.
- Purchases \$36 million in packing and raw materials from 11 key Michigan-based suppliers.

Michigan Agriculture Business Expansions

Michigan Milk Producers Association (MMPA), Ovid

- With slightly over 5 million pounds of daily processing capacity, the Ovid plant could process 25 percent of the state's current annual milk volume of 7.5 billion pounds. This brings their total new expansions and private investment to approximately \$62 million within the designated APRZ.
- Invested \$35 million in their Ovid facility.
- Maintained 86 existing jobs.
- Created 10 additional new jobs.



Michigan Agriculture Business Expansions

MMPA continued

- Created 166 indirect and induced jobs.
- Created 344 construction jobs.
- \$182.6 million in both direct and indirect economic impact.
- Source: MSU Product Center for Agriculture and Natural Resources
- An additional investment of \$25-27 million for a new spray dryer for manufacturing milk products is being considered and additional jobs.





STATE OF THE ART PROCESSING





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Bio-economy & Green Jobs

- ✓ *40 million gallon plant in Caro (Poet Ethanol LLC)*
- ✓ *\$60 million investment*
- ✓ *41 jobs*
- ✓ *\$110 million annual boost to local economy*

More Bio-economy & Green Jobs

Renewafuel, LLC, Marquette and Battle Creek

- \$10 million investment in construction of a new plant (completion: 2009).
- 25 jobs created.
- Renewafuel also invested nearly \$1 million in their Battle Creek production-scale research and development facility to expand capacity.



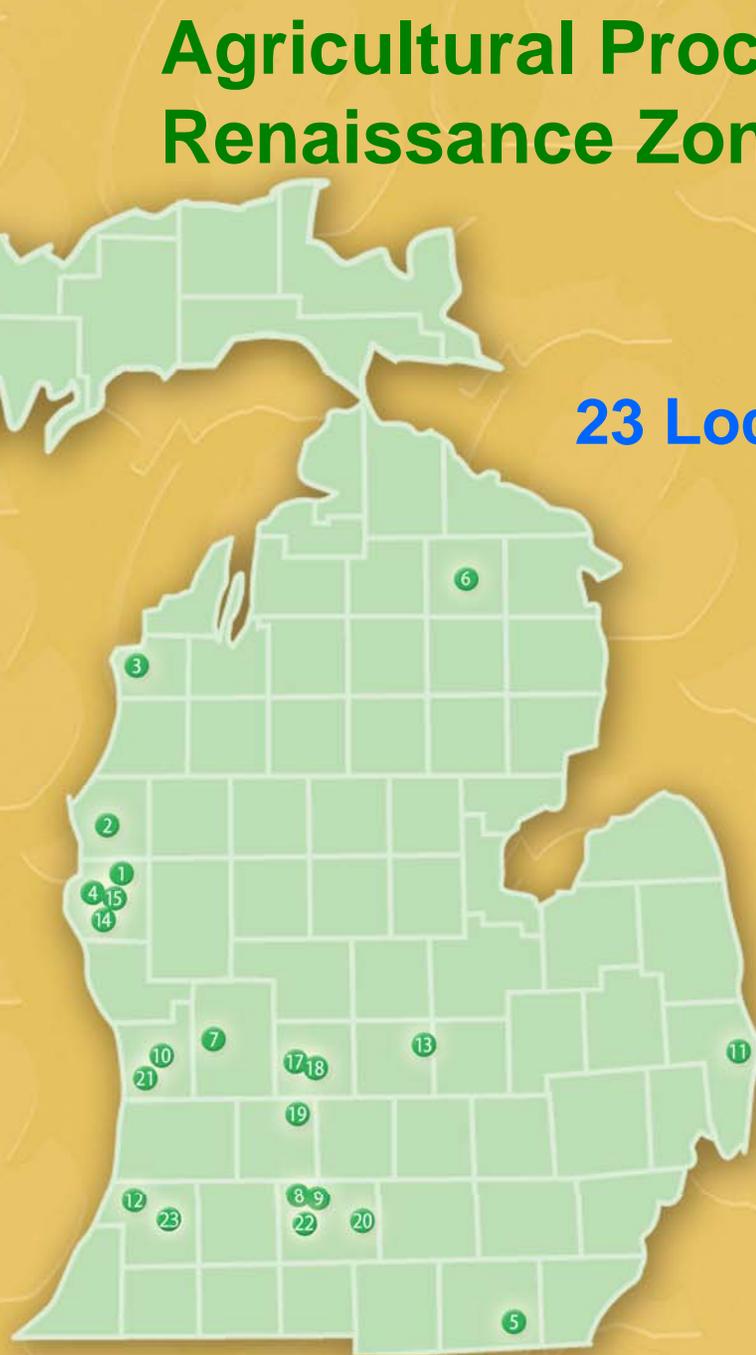
Monsanto Company, Constantine

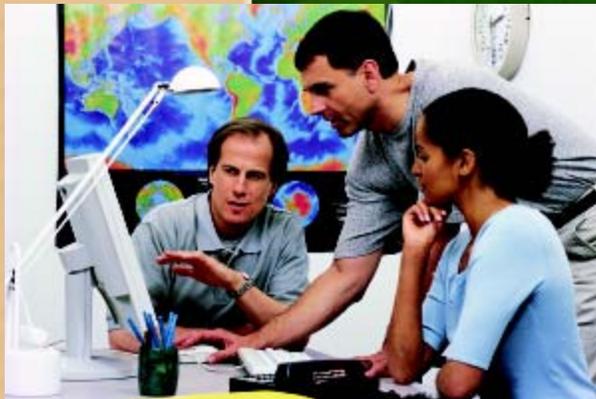
- Invested \$40 million to expand production facility.
- Created 500 additional seasonal jobs.
- Added 6,500 acres of seed corn production in southern Michigan.

Agricultural Processing Renaissance Zones

23 Locations

“The first of its kind in the nation, Michigan’s Renaissance Zone Program encourages business development by making select areas virtually free of state and local taxes.”





Michigan's nursery industry ranks 9th in the nation with production sales of \$148.5 million, according to a 2006 report by USDA's NASS.

Michigan's floriculture industry ranks third nationwide in total value and production (\$366.6 million), based on 2007 data.

70 wineries are operating in Michigan contributing more than \$300 million in economic activity and growing at a rate of 15 percent annually.

*“Michigan’s wine and grape industries:
contribute \$790 million to the
economy, employ 5,400 workers, and
pay \$84 million in federal, state,
and local taxes.*

*More than 800,000 tourists visit
Michigan wineries each year.”*

Source: Michigan Grape and Wine Industry Council



Agriculture Development Division

The Agriculture Development Division delivers expertise and leadership to support economic development in Michigan's food and agriculture industries.

Power of Partnerships

- Farmers
- Commodity Groups, Farm Bureau
- MSU Product Center for ANR, MSUE
- MDA Divisions
- Food Processors & Agri-Businesses
- Retail Grocers
- MEDC, MDEQ, DNR, MDOT
- USDA
- Bio-economy and Transportation Groups
- Citizens

Select Michigan/Buy Michigan/Pure Michigan

*Select Michigan-Grown
Apples*

*It's Good for you,
Our Growers & Our
Local Economy.*



Product moved during the FY 2007 promotions increased **38%** in October and **1%** total for the year over FY 2006.

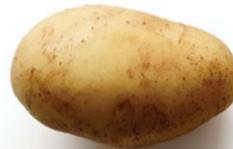
The FY 2007 price per carton for Select Michigan Apples was up **\$2 to \$3** over FY 2006.

For one interviewed shipper; apple movement increased **24%** & sales increased **37%**.





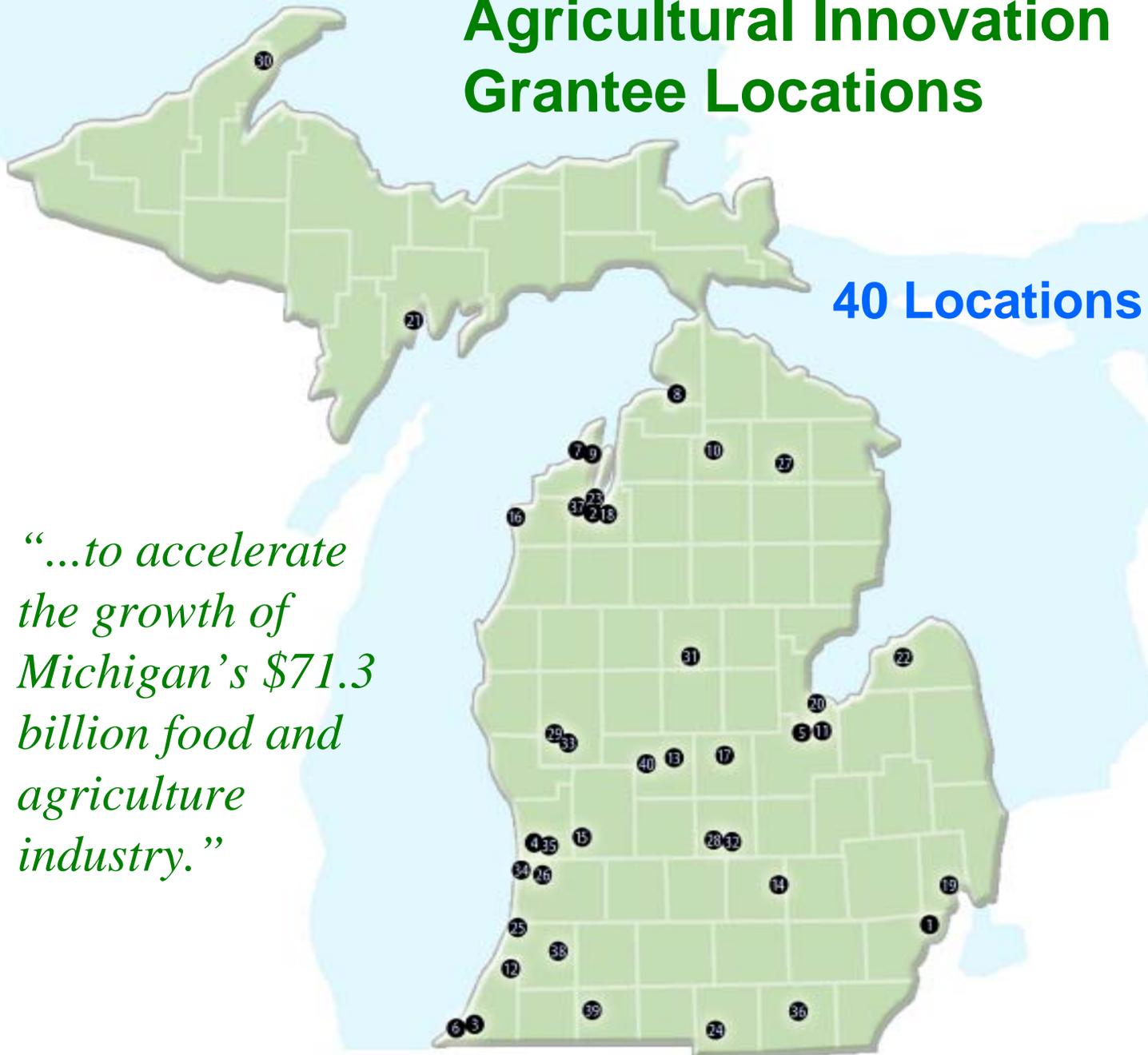
Michigan Has a Variety of Retail Supermarkets and Grocery Stores



Agricultural Innovation Grantee Locations

40 Locations

*“...to accelerate
the growth of
Michigan’s \$71.3
billion food and
agriculture
industry.”*



Agricultural Innovation Grant Program

- To date, 39 out of 40 companies have completed their projects.
- Private capital investment is \$36,041,848.
- Paid out \$4,412,321 in grant reimbursements.
- Leveraged state funds to private industry investments at an 8:1 ratio.
- 119.5 new jobs have been created with these projects.

2008 Statistics

Michigan Agriculture Business Expansions

Safie Specialty Foods Company, Chesterfield, MI

- Carries high-quality Michigan-made products. Participant in “Select Michigan” Tradeshows and Farmers Markets.
- Matched \$153,125 Julian-Stille Grant with \$186,243 of private investment to purchase equipment that automated production of value-added foods including seven pickled vegetable products.
- Hired 10 additional employees after equipment was added.

Address Emerging Issues, Challenges and Opportunities

- Food Deserts in Michigan and Nation
- Urban Agriculture
- Organic Agriculture
- Assist new agricultural industries to grow in Michigan including Aquaculture, Chestnuts and Cranberries

CNN Money.com

“A city without chain grocery stores”

National retailers are steering clear of Detroit, leaving independent grocers to serve the city's hard-hit residents.



“Hunger hits Detroit's middle class”

Food has long been an issue in this city without a major supermarket. Now demand for assistance is rising, affecting a whole new set of people.

CNN Money.com

Increasing Access to Healthy Foods: Michigan's New Property Tax Incentive for Retail Food Establishments (Public Act 231 of 2008)



Access to affordable, quality and healthy food promotes community health and reduces risk of obesity, diabetes, and heart disease. Many Michigan communities, particularly low-income urban and rural areas, have limited access to retail food establishments that offer healthy food options.

To address this issue, Senate Bill 294 (PA 231 of 2008) was passed into law and signed by Governor Granholm on July 17, 2008. PA 231 amends the Commercial Rehabilitation Act to allow retail food establishments to qualify for the property tax incentive. Qualified retail food establishments that expand, improve or open in underserved areas may request that those improvements not be taxed for up to 10 years. This legislation was supported by the Healthy Kids, Healthy Michigan Initiative, as well as many other organizations/initiatives throughout the state, as it moved through the Michigan Legislature.

Why is it important to provide tax incentives for food retailers in low income and rural communities?

Tax incentives support local retail outlets that offer healthy food options

- In general, retail food establishments operate with very tight margins. Tax incentives reduce business overhead costs, which can help improve working cash flow and overall business operation.
- Retail food establishments in underserved areas, especially in urban and rural settings, face unique operating challenges that can drive up operating costs. Tax incentives are even more meaningful to these businesses.



Tax incentives help support the local economy and quality of life

- Retail establishments with a wide range of food improve neighborhood quality of life, attract other retail, and increase residential property values.
- New and expanded retail food establishments provide job opportunities for neighborhood residents.
- Low-income residents spend a high percentage of their income on basic necessities like groceries (Kaufman, MacDonald, Lutz, et al., 1997). Increased competition in the food retail sector can help lower prices.

New and improved retail food outlets promote community health by increasing access to healthy food options



- Increased access to healthy, affordable foods improves public health by reducing risk of obesity and chronic disease outcomes, and lessens spending on health care. Residents of census tracts with more retail food outlets consume more fruits and vegetables compared to those with fewer outlets (Morland K, Wing S, Diez Roux A., 2002).
- Eating habits are shaped by taste, healthy food knowledge, cost, and availability of healthy foods in one's environment. Increasing access to healthy foods can promote healthy eating habits in children, which they will carry into adulthood (Mikkelsen and Chehimi, 2007).



New Agricultural Opportunity

Cranberries



Michigan Agri-businesses are on the grow...

Come Grow With Us!



“As the state’s second largest economic driver, it’s a sector ripe with opportunity for business expansion, job growth, and is a driving force in our economic health.”

Don Koivisto, MDA Director