

July 28, 1980

A meeting of the Ad Hoc Committee on the Iron Ore Industry in Marquette County was duly called and held on July 28, 1980 at 7:00 p.m. in the Courthouse Annex.

Present: Commissioner May, Commissioner Anderson, Commissioner Racine, Commissioner Clark, and Phillip May, member of the Mineral Resources Commission.

Excused: Burton Boyum, Steve Carlson, Paul Gravedoni and Bill Robinson, members of the Mineral Resources Commission.

The meeting was called to order by Chairperson May.

There was no public comment.

Chairperson May read a communication from Chairperson Farrell on the establishment of the committee for the purpose of making policy recommendations to the County Board on the plight of the iron ore industry in the county for report back to the Board on August 6, 1980.

Commissioner May referred to the July 16, 1980 minutes of the County Board regarding a memo received from the Mineral Resources Commission by the Board on that body's review of the Michigan Tech study (Monson report) on the "Effects of Domestic and International Competition upon Michigan Iron Ore and Steel Industries" and the Board's action in regard to the memorandum.

According to Phillip May the iron ore industry is treated the same as any other business under the single business tax. He stated that the economy of Michigan is heavily dependent on steel producing and using industries. He noted Minnesota and Michigan taxes are both higher than those in the southern parts of the country. Phillip May stated that given current high rates of inflation, savings and investments are very highly penalized by Federal taxation of corporate and personal income. It is the opinion of the Mineral Resources Commission that the entire federal tax environment should be improved.

It was noted that a more rapid write off (for tax purposes) of capital investment would be of particular benefit to industries that are capital intensive. A reduced tax rate would create a benefit for all businesses.

It was noted the committee's purpose is to formulate policy on the steel and iron ore industries for submission to the County Board. Commissioner Clark suggested presenting the recommended policies in resolution form and include the reasons for developing the policies.

The committee felt the long run problems with the steel and iron ore industry is the need for modernization of the steel industry and the need for alternative employment options for the state.

According to the Monson study there is a trend toward placing steel plants near the market rather than near the source of the ore supply. Based on that fact encouragement of the establishment of steel using industries in the Great Lakes area would be helpful.

Commissioner Racine felt the Board should work with Representative Jacobetti in this area as he felt it would be beneficial to do so. Commissioner May stated the Board is not the only group studying the issue, as a Task Force on Iron Ore Industry has been set up by the State Department of Commerce. She believes the Board could work with Representative Jacobetti on this matter after establishing a policy statement.

Federal and state taxation and the high cost of workers compensation were mentioned as concerns of the Mineral Resources Commission in their memo they addressed to the County Board.

The committee discussed the workers compensation program. The cost to Michigan employers for workers compensation is among the highest in the nation. Nancy Baerwaldt, Deputy Director of the State Department of Commerce,

prepared a position paper for the Task Force on the Iron Ore Industry on workers compensation in Michigan. The paper outlines problems and proposed solutions to workers compensation in Michigan. According to Ms. Baerwaldt the law was loosely written and is open to court interpretation. Commissioner Anderson stated he believes comprehensive reform is needed in the area of workers compensation. The Monson report stated the high rate of workers compensation in Michigan is partly due to a high rate of injuries. Most mining companies are self-insured but must provide the same type of benefits as the state program.

Various problems encountered by the steel and iron ore industries at this time were discussed by the committee.

Taxes, both federal and state were felt to be too high. The taxes are discouraging savings and investments, particularly in capital intensive industries. On the federal level this includes both personal and corporate taxes. The tax structure should be changed to offset the effects of inflation. Automatic adjustments for inflation for corporate and personal federal tax rates should be developed. For tax purposes there should be accelerated depreciation of capital investments.

Commissioner May stated that, according to information given at a meeting of the Task Force on the Iron Ore Industry, duplication occurs with environmental regulations set up by federal and state governments. Over-regulation should be discouraged by simplifying and streamlining the regulatory process as it relates to environmental and safety requirements. The committee felt timely consideration of environmental permit applications to reduce time and expense currently involved in getting permits should be provided.

The Trade Adjustment Act was discussed. The steel industry is protected as a primary industry under the Act but not the iron ore industry. The purpose of TRA is to provide compensation for people who are laid off from their jobs because of foreign imports. The committee believed the TRA should be extended to cover the workers in the iron ore industry.

Problems at the state level were discussed. The committee agreed with the position stated by the Mineral Resources Commission in their memo to the Board regarding Michigan's single business tax.

The committee felt the State Department of Commerce should be encouraged to develop steel producing and using industries in the Upper Great Lakes Region.

The cost of workers compensation to Michigan businesses should be reduced and made more responsive to the real needs of Michigan workers through comprehensive reform.

The committee discussed the need for an improved transportation system in the Upper Peninsula. The State Department of Transportation should be urged to construct major modern arterial highways serving the Upper Peninsula, specifically East and West (Route 2) and North and South (U.S. 41 north of Green Bay to Marquette).

The committee felt no action could be taken at the local level in regard to the steel and iron ore industries.

Generally the committee felt there are long run and short run problems with the steel and iron ore industries and little can be done locally with respect to the short run problem of unemployment. The committee believes things can be done in the long run by making the business climate better in the country and specifically in Michigan. The tax system discourages savings and investments which particularly affects capital intensive industries.

Commissioner May will prepare a draft statement based on the committee's discussion to be sent to each committee member for review and comment prior to submission to the County Board.

The meeting adjourned at 9:30 p.m.

Respectfully submitted,

Karen Chubb
Karen Chubb, Secretary

(As revised and corrected by Sally May)

AGENDA

Ad Hoc Committee on Iron Ore Industry
in Marquette County

July 28, 1980
7:00 PM

1. Call to Order
2. Public Comment
3. Introductions
4. Communication from County Chairperson Pat Farrell
5. Comments (if any) on resource material made available to Committee members:
 - a. Michigan Tech University Study on Iron Ore Industry
 - b. Marquette County Mineral Resource Commission report to the County Board, June 24 and County Board minutes regarding receipt of report
 - c. State Department of Commerce Task Force on Iron Mining Industry position papers
6. Discussion and formulation of policy statement
7. Public Comment
9. Adjournment

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Present: Commissioner May, Commissioner Anderson, Commissioner Racine, Commissioner Clark, and Phillip May, member of the Mineral Resources Commission.

Absent: Burton Boyum, Steve Carlson, Paul Gravedoni and Bill Robinson, members of the Mineral Resources Commission.

The meeting was called to order by Chairperson May.

There was no public comment.

Chairperson May read a communication from Chairperson Farrell on the establishment of the committee for the purpose of making policy recommendations to the County Board on the plight of the iron ore industry in the county for report back to the Board on August 6, 1980.

Commissioner May referred to the July 16, 1980 minutes of the County Board regarding a memo received from the Mineral Resources Commission by the Board on that body's review of the Michigan Tech study (Munson report) on the "Effects of Domestic and International Competition upon Michigan Iron Ore and Steel Industries" and the Board's action in regard to the memorandum.

According to Phillip May the iron ore industry is treated the same as any other business under the single business tax. He stated according to the Munson report Michigan is dependent on the iron ore and steel industries. He noted Minnesota and Michigan taxes are both higher than those in the southern part of the country. Phillip May stated savings and investments are very highly penalized by taxation in Michigan. It is the opinion of the Mineral Resources Commission that the entire tax environment should be improved.

It was noted an accelerated write-off affects industries that are capital intensive. A reduced tax rate will create a benefit for all businesses.

It was noted the committee's purpose is to formulate policy on the steel and iron ore industries for submission to the County Board. Commissioner Clark suggested presenting the recommended policies in resolution form and including the reasons for developing the policies.

The committee felt the long run problems with the steel and iron ore industry is the need for modernization of the steel industry and the need for alternative employment options for state.

According to the Munson study it is a general policy to place steel plants near the market rather than the source of the steel. Based on that fact, encouragement of the establishment of steel using industries in the area would be helpful.

Commissioner Racine felt the Board should work with Representative Jacobetti in this area as he felt it would be beneficial to do so. Commissioner May stated the Board is not the only group studying this issue as a Task Force on Iron Ore Industry has been set up by the State Department of Commerce. She believes the Board could work with Representative Jacobetti on this matter after establishing a policy statement.

It was noted federal and state taxation and the high cost of workers compensation were mentioned as concerns of the Mineral Resources Commission in their memo they addressed to the County Board.

The committee discussed the workers compensation program. The cost to Michigan employers for workers compensation is the highest in the nation. Nancy Baerwaldt prepared a position paper for the Governor on workers compensation in Michigan. The paper outlines problems and proposed solutions to workers compensation in Michigan. According to Ms. Baerwaldt the law was loosely written and is open to court interpretation. Commissioner Anderson stated he believes comprehensive reform is needed in the area of workers compensation. The Munson report stated the high rate of workers compensation in Michigan is apparently due to a high rate of injuries. Most mining companies are self-insured but must provide the same type of benefits as the State program.

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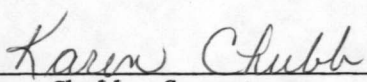
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