

MICHIGAN STATE UNIVERSITY

MEMO

August 16, 2011

To: The Honorable Cindy Denby, Chair,
The Honorable Marcia Hovey-Wright, Minority Vice Chair
House Agriculture Subcommittee on Processing;

From: Michael W. Hamm, PhD
CS Mott Professor of Sustainable Agriculture, Michigan State University

Subject: Response to Request for Potential Legislative Opportunities to Support
Agricultural Processing in Michigan

Please note: We are in favor of expanding agricultural processing in Michigan, particularly for Michigan-based markets; however, we have not fully determined in all cases where legislation is needed vs. Administrative action. The following are ideas for consideration and do not represent the formal position of the University or any entity therein.

Shorter-Term Opportunities

- Ask MDARD and other key stakeholders to present to the House Agriculture committee recommendations from the Michigan Food Processors Summit, held April 27, 2011, with an emphasis on identifying the needs of mid-tier processors.
- Expand the priorities of 21st Century Jobs fund to include agriculture processing to an even greater degree, by earmarking a percentage for specific processing sectors or regional targets.
- Require the Council for Labor and Economic Growth, and Michigan Regional Skills Alliances/MI Works First agencies to include representatives from farming and agricultural processing on their boards. Require that these bodies evaluate workforce needs in the farming and agricultural processing sectors as they would workforce needs in other sectors.
- Require MDARD to provide an on-line guide for current or potential small to medium size processors, to include technical support within the department and through nongovernmental sources.
- Request that the Governor's Office of Regulatory Reinvention (ORR) - Advisory Rules Committees obtain input from small to mid-size farmers and food processing businesses. ORR needs to ensure that regulations, while supporting sustainable environmental practices, do not create unnecessary transaction costs and regulatory burdens on low risk agri-



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processing businesses, and that rules are consistent with the diversity and scale of production practices.

Medium-Term Opportunities

- Require the state to partner with county or regional economic development agencies to establish revolving loans or other financing of small and mid-tier agricultural processing, particularly the minimal processing (e.g. chopping, slicing, bagging, etc.) needed for Michigan producers to seize opportunities with institutional buyers, such as schools and hospitals.
- Provide incentives for existing small and mid-tier meat processors in Michigan to upgrade and update plants to serve growing demand from livestock producers for their services.
- Require business support entities, such as the 18 Michigan Technical Education Centers, to identify and support the equipment and process engineering needs of farmers and other agri-food enterprises, and ensure that food and agriculture are included in state and local economic development plans.
- Establish and encourage “food business districts,” such as Eastern Market, to provide affordable and collaborative space for entrepreneurs to develop their products and businesses, including new enterprises that will emerge from common needs, such as distribution.

Longer-Term Opportunities

- Expand incentive grants and loans that enable growth in local and regional agricultural processing and entrepreneurship.
- Establish a Food and Agricultural Development Center, as was done by the 2009 Montana Legislature, to support the infrastructure development needed to process and distribute Michigan agricultural products for Michigan and regional markets. The Center would offer such services as training and technical assistance, Hazard Analysis & Critical Control Points (HACCP) plan development and market analysis. (For more details, please see [PowerPoint on Montana’s program](#).)¹

¹<http://www.google.com/url?sa=t&source=web&cd=6&ved=0CEUQFjAF&url=http%3A%2F%2Fwww.ethanolmt.org%2Fconfdocs%2F8.ppt&rct=j&q=montana%20food%20enterprise%20center%20legislature&ei=8GJKTuqUOueLsgKDiJngCA&usg=AFQjCNF9lhT4Y5DX38nuWGXFyI6rEt84rA&sig2=JXKaTDLq0Nu09HHaurmBfA>