

2022 ANNUAL REPORT

2022 NORTHERN MICHIGAN POLICY CONFERENCE



The 2022 Northern Michigan Policy Conference in January was a great success. The Alliance welcomed over 175 attendees and several statewide leaders, including Gov. Gretchen Whitmer, Sen. Gary Peters, MEDC CEO Quentin Messer, and MSHDA Director Gary Heidel.

Several northern Michigan legislators were also in attendance, including Reps. John Roth, Jack O'Malley, Sue Allor, John Damoose, and Michele Hoitenga. Sens. Wayne Schmidt, Curt VanderWall, and Jim Stamas joined their House colleagues.

The keynote speech by Gabe Rodriguez from Business Leaders of Michigan focused on important details about Michigan's current economic climate and the future of our talent attraction and development initiatives.

Panel discussions with legislators and state officials focused on important policy goals like attainable housing and affordable child care.

DELIVERING ON AFFORDABLE HOUSING INITIATIVES

In 2021, the Northern Michigan Chamber Alliance joined Housing North and the Housing Michigan Coalition to develop a package of reforms that will provide local government more flexibility to incentivize the development of workforce housing.

Throughout 2022, the NMCA was actively engaged with legislators and stakeholders to get these reforms across the finish line.

In December, the bill package was signed into law. The NMCA is already engaged with the Housing Michigan Coalition to pursue a new set of reforms in 2023.



ALLIANCE MEMBERS

PARTNERS



ASSOCIATE PARTNERS



**Blue Cross
Blue Shield
Blue Care Network**
of Michigan

Nonprofit corporations and independent licensees
of the Blue Cross and Blue Shield Association

**PROUD PARTNER OF THE
NORTHERN MICHIGAN CHAMBER ALLIANCE**

2022 YEAR IN REVIEW

Alliance Plays Central Role Funding Office of Rural Development

The Northern Michigan Chamber Alliance in 2019 helped convene a group of nearly 100 stakeholders to develop a new concept – a new state Office of Rural Development (ORD). The goal of the ORD would be to support rural communities as they work to address their unique needs and to ensure coordinated, holistic action on complex opportunities and challenges, including workforce attraction, infrastructure, and access to health care.



In January 2022, Gov. Gretchen Whitmer heard our call and established the ORD within the Michigan Department of Agriculture and Rural Development (MDARD). In February, the governor subsequently made an official request in her executive budget recommendation to fund the ORD.

- ▶ Later in the spring, the House MDARD Appropriations Subcommittee met to discuss funding for the new office. Though most legislators agreed with the concept, they had questions about specific functions of the office and were reluctant to approve funding until those questions were answered.

ORD was an experienced leader who could quickly develop a specific policy framework and office structure.

When former Lake Superior Community Partnership CEO and Alliance partner Sarah Lucas decided to apply, the Northern Michigan Chamber Alliance actively supported her appointment. We engaged with interested stakeholders to contact the governor's office and help ensure that Sarah, an experienced community leader from northern Michigan, would fill that role.



Indeed, on March 15, MDARD announced they had selected the former Traverse City resident and Alliance member to be the new Deputy Director for Rural Development, a significant win for northern Michigan and the Upper Peninsula.



The NMCA and Director Lucas, over the spring and summer, helped to develop a specific policy framework and office structure. Our efforts helped develop a detailed office structure and list of objectives that answered questions from lawmakers.

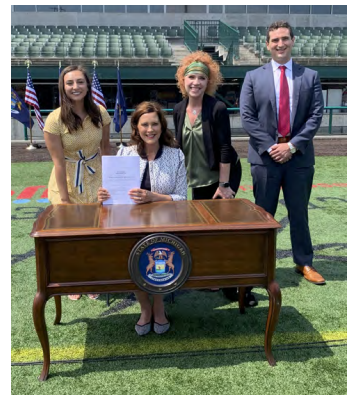
The Alliance visited Lansing in June to meet with legislators and distribute this document, along with a letter of support demonstrating the broad range of support from nearly 100 economic, health, energy, education, and labor organizations from across Michigan. Legislators appreciated the personal visit to share information and answer questions.

After months of work, legislators and the governor agreed on \$3.5 million in funding to launch the ORD.

Four years ago, the ORD was a new idea developed by the NMCA and other stakeholders from across northern Michigan. As of January 2023, the ORD will have four

full-time staff dedicated to restoring vitality to rural communities through new policies and the development of a new rural grant program.

The Alliance looks forward to a continued partnership as the Office of Rural Development examines new, creative solutions to retain and attract talent in northern Michigan.



2022 YEAR IN REVIEW

Alliance Attends UP 200

A delegation of Alliance members traveled to Marquette for the UP 200 in February. We attended several events and talked with state leaders, including Travel Michigan Chair Dave Lorenz, MEDC CEO Quentin Messer, MDARD Director Gary McDowell, and SBAM CEO Brian Calley.

Several legislative leaders were also in attendance, including Senate Majority

Leader Mike Shirkey and Congressman Jack Bergman.

Iron River native and Olympic Gold Medalist Nick Baumgartner returned from Beijing in time to celebrate with everyone.



Historic Child Care Reform Becomes Law



Access to affordable, quality child care remains a barrier to talent attraction and retention across northern Michigan. That's why the Northern Michigan Chamber Alliance helped initiate a bipartisan effort to increase accessibility to child care in northern

Michigan, including measures to increase capacity at facilities, support networks for at-home providers, operation in multi-use facilities, and a 90-day grace period to comply with new health and safety rules.

The bills sailed through the House in the fall of 2021 but hit a snag in the Senate in early 2022. The NMCA successfully advocated for a re-referral of the bills to a favorable committee and received a hearing and a vote in May. The bills subsequently passed the full Senate and House and were signed by Gov. Whitmer on June 23.

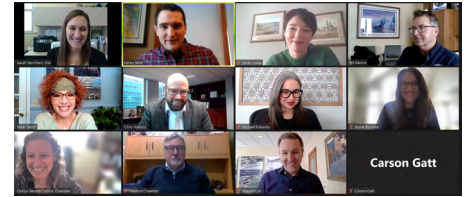
This monumental accomplishment will increase access to child care for working parents by eliminating regulatory burdens and providing financial support for child care providers.

The NMCA looks forward to building on our momentum in 2023.



Alliance Hosts Top Budget Officials

In March, the Northern Michigan Chamber Alliance hosted the State Treasurer and Budget Director for a discussion during our monthly meeting about the governor's proposed budget recommendations.



State Treasurer Rachel Eubanks and State Budget Director Chris Harkins shared details about the current economic climate in Michigan. They also discussed the current labor market, consumer sentiment, and the state budget.

Director Harkins outlined some new programs, like an initiative to remove barriers to employment for low-income residents and an extensive regional empowerment program intended to provide large amounts of funding for a shared regional priority. Discussion followed on the shared priorities for the Alliance and Gov. Whitmer.

In October, the NMCA welcomed Director Harkins and his staff to Petoskey to meet with Alliance members for a tour of North Central Michigan College. The state budget office plays a key role in



funding successful programs like Michigan Reconnect and Futures for Frontliners. Both programs provide funding for students to earn a college degree at community colleges in northern Michigan.

The NMCA supported increased funding for both programs during a Lansing lobby day earlier this year. The goal of the visit was to demonstrate the success and effectiveness of these programs for students, especially adult learners in northern Michigan.

We look forward to welcoming back Dir. Harkins and SBO staff to northern Michigan in 2023.

Bully Pulpit Brings Lansing Up North

Traverse Connect hosted their annual Bully Pulpit event in September, featuring three Lansing insiders to give their projections on the 2022 elections and what to expect in Lane Duck.



Alliance members joined political pundits John Sellek, founder and CEO of Harbor Strategic Public Affairs and Adrian Hemond, CEO of Grassroots Midwest, for a conversation facilitated by Kyle Melinn, editor of MIRS, Michigan Information & Research Service.

Alliance Budget Wins

The NMCA celebrated several important wins this budget season, including:

- \$40M for Pure Michigan to bolster tourism business while emphasizing quality of life as a means of talent attraction in northern Michigan.
- \$15M for Going Pro to provide financial support to employers to upskill their employees in-house. This long-term strategy has proven effective for talent development in the manufacturing, information technology, and healthcare industries.
- \$5M for Michigan Reconnect to eliminate financial barriers for adult learners to finish their degree and earn good-paying jobs in growing industries right here in northern Michigan.
- \$3.5M to launch the Office of Rural Development, focused on restoring vitality to rural communities through new, rural-centric policies and the development of a new rural grant program.
- \$2.5M for Tri-Share, providing a creative way to lower child care costs for working parents by dividing the cost between the employer, employee, and the State of Michigan.

Alliance Develops New Concept for Short-Term Rentals to Benefit Workforce Housing

The Northern Michigan Chamber Alliance led the way in conversations about assessment parity for short-term rentals, working with Sen. John Damoose on a proposal for short-term rental assessment districts (STRAD).

NORTHERN MICHIGAN CHAMBER ALLIANCE

WORKFORCE HOUSING Development Fund

PROBLEM: Short-term rentals (STRs), which impact long-term housing stock, are increasing in number. Small business owners report that lack of affordable housing curtails their ability to operate at full capacity. A weak labor market means businesses are not operating at full capacity, which harms the business of the lodging industry.

OBJECTIVE: Achieve assessment parity between hotels and STRs. Capture new assessment revenue from STRs and dedicate funds toward development of workforce housing.

HOW IT WORKS:

TREASURY CREATES SHORT-TERM RENTAL DATABASE
Includes description of STR facility, number of rooms and address.

TREASURY INFORMS STR OWNERS OF PROPOSED ASSESSMENT
Standardized notice and website to vote in each (county) assessment district to all qualified STR owners to affirm or deny an assessment. Assessment rate is 5%.

IF STR OWNERS APPROVE ASSESSMENT, A SHORT-TERM RENTAL AUTHORITY (STRA) IS CREATED
STRAs consist of all owners in assessment district. STRAs determine how revenue is spent, so long as it is spent on workforce housing initiatives. STR owners have right to opt-out of serving an authority.

AFTER ASSESSMENT APPROVAL, TREASURY SENDS NOTICE OF FIRST MEETING
Notice includes date, time, location. Meeting must be held within the county. STRA Board members elected at first meeting.

STRAs MAY DO THE FOLLOWING:

- Develop and implement workforce housing program
- Set fee for use
- Contract with nonprofit corporation to administer workforce housing program
- Pay fees for services of nonprofit corporation

STRAs FIRST MEETING:

- Nominate and elect Workforce Housing Development Fund Board members
- Number of Board seats equates to 25% of total owners within district
- Highest vote-getters with seats until filled
- Highest vote-getter controls first meeting of the Board
- 1-year term
- At the first meeting, BOO elects Chair, Treasurer, other officers considered necessary

NEW HOUSING INVESTMENT BEGINS

- Workforce Housing Development Fund Board uses new revenue to:
 - Develop procedures related to implementation of workforce housing plan
 - Solicit bids from nonprofit corporations
 - Schedule and provide notice of quarterly meetings

As we all know, increasing numbers of short-term rentals in residential areas have an impact on housing stock for year-round residents. This is especially a problem for potential employees looking to move north.

Many of these short-term rental properties are not currently paying the same assessments as their counterparts in the hotel industry.

The legislation provided a creative approach to level the playing field and ensure both hotels and short-

term rentals pay the same fees. The STRAD legislation proposed creating a tax-free mechanism for short-term rental owners to establish and pay into a local workforce housing development fund to help curtail the housing crisis that impacts workforce attraction in northern Michigan.

While the legislation may not move forward as proposed, we successfully launched a conversation about utilizing short-term rentals as part of the solution to the housing problem they have a hand in exacerbating. We look forward to continued exploration of new, creative options to fund workforce housing and create short-term rental assessment parity in 2023.

NMCA 2022 Election Guide

The past year has perhaps been the most confusing time in Michigan politics. For the first time in our state's history, the people of Michigan voted to overhaul the redistricting process and develop an Independent

Citizen's Redistricting Commission. After much deliberation, many public hearings, and lawsuits throughout 2021 and 2022, the maps are final.

This process, combined with term limits and legislators seeking higher office, resulted in a scenario where

virtually every district in northern Michigan was an open seat. Only a few incumbents have maintained a similar district as they previously represented.

That's why the Northern Michigan Chamber Alliance developed our 2022 Election Guide. This page on our website was intended to be a matter-of-fact guide to help understand new district lines and corresponding candidate information.

The guide detailed all 14 northern Michigan state legislative races and included new district lines, candidate photos and website, campaign finance, and answers to the Northern Michigan Policy Fund Questionnaire.

The Alliance plans to utilize this information to build a "Contact Your Legislator" tool in 2023.

Northern Michigan Policy Fund Exceeds Fundraising Goal



NMCA Partners had the opportunity to participate in the governing board of the Northern Michigan Policy Fund Traverse Connect PAC. The NMPF PAC raised \$9,350 in four months,

exceeding our goal of \$10k cash on hand going into the 2022 election season.

We donated nearly \$6,000 to business-

friendly candidates across northern Michigan, successfully expanding our footprint to all of northern Michigan.

All in all, the NMPF board members helped raise nearly \$30,000 for endorsed candidates.



State Senate: District 37

Rep. John Damoose will run against Barbara Comley.



Barbara Comley (D-Houghton)

Base Numbers:

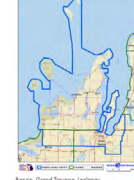
Democrat - 43.7%

Republican - 56.3%



Rep. John Damoose (R-Traverse City)

State House: District 103



Grand Traverse County Commissioner Betty Caffie will take on Rep. Jack O'Malley in November.

Base Numbers:

Democrat - 48.2%

Republican - 51.8%