

Legislative Analysis



MEGA: VACCINE LABORATORY

Mitchell Bean, Director
Phone: (517) 373-8080
<http://www.house.mi.gov/hfa>

House Bill 5559 (Substitute H-1)

Sponsor: Rep. Scott Hummel

Committee: Commerce

Complete to 1-26-06

A SUMMARY OF HOUSE BILL 5559 AS REPORTED FROM COMMITTEE 1-24-06

The bill would amend the Michigan Economic Growth Authority Act to remove a provision that prevents benefits under the act from being provided to "a site that was a vaccine laboratory owned by this state on April 1, 1995."

The bill also would also amend the act so that it would apply to capital investments completed or contracted for not later than December 31, 2007. (The underlined language is added and the date extended by one year.)

MCL 207.803 and 808

FISCAL IMPACT:

Negotiations are underway between Bioport, which would be the recipient of a MEGA tax credit if this bill is enacted, and the Michigan Economic Development Corporation. Therefore, the fiscal impact, which would be a loss of Single Business Tax revenue, is not determinable at this time.

BACKGROUND INFORMATION:

BioPort Corporation is a vaccine manufacturer based in Lansing, Michigan. The company purchased the state-owned vaccine facility in 1998. BioPort produces the anthrax vaccine for the U.S. Department of Defense. The company is planning a major expansion of its operations. Current law prevents them from obtaining tax benefits under the Michigan Economic Growth Authority Act. House Bill 5559 would remove those impediments.

According to information provided by the company:

The BioPort Manufacturing Expansion Project envisions investment of nearly \$75 million. Two-thirds of the investment is accounted for in design, construction, and equipment. The additional one-third is the cost to commission a vaccine manufacturing facility regulated by the U.S. Food and Drug Administration. It is contemplated that the first product manufactured in the new facility will be the company's currently licensed vaccine for the prevention of anthrax, BioThrax®. It is further anticipated that products

contained in the company's pipeline will also be manufactured in the facility, including botulinum and typhoid vaccines and anthrax immune globulin.

In summary BioPort intends to construct a new, three-story fermentation and downstream processing plant on the existing Lansing campus. This facility will be used initially for the manufacture of BioThrax. The facility is designed to support, with minimal additional modifications, multi-product microbial fermentation.

The company has said that the manufacturing expansion project will allow the company to retain at least 275 jobs in Lansing, with an average annual salary of \$55,000.

POSITIONS:

The Michigan Economic Development Corporation supports the bill. (1-24-06)

The Michigan Chamber of Commerce indicated support for the bill to the House Committee on Commerce. (1-24-06)

The Lansing Regional Chamber of Commerce indicated support for the bill. (1-24-06)

BioPort Corporation testified in support of the bill. (1-24-06)

Legislative Analyst: Chris Couch
Fiscal Analyst: Richard Child

■ This analysis was prepared by nonpartisan House staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.