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John James, Mike Cox at Northern Michigan Policy Forum 1-23-26

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4 SPEAKERS

Nikki
Kyle Melinn
John James
Mike Cox

START OF TRANSCRIPT

[00:00:00] Nikki

Please join me in welcoming Congressman John James to the stage.

[00:00:19] Kyle Melinn

All right. Thank you again, Nikki. Appreciate it. Congressman, thank you so much for joining us today. Of course. Thanks for having me. Can we get this? Anybody hear me? There you go. All right, so the question that has been on the minds of folks here, as they're looking at the different issues that are confronting northern Michigan housing is the top one. To what extent do you believe state government has a role to help local communities, um, improve or increase their housing stock, to help find places to live for the people they want to bring in here and employ.

[00:00:48] John James

Well, Kyle, great question. And it's a top of mind for everyone around the state, especially in Northern Michigan. Uh, when you look at the role that government plays, I frankly think that getting out of the way is the best position, allowing local control, allowing a regional approach and tearing down the barriers to innovation, tearing down the barriers to growth that are out there. For instance, I have a path to affordable housing bill that I'm pushing in Washington, DC to scale back some of the harmful red tape regulations that are increasing housing costs right now. Gretchen Whitmer is pushing a bill, the 2021 housing codes that are putting unnecessary regulations, unnecessary costs, and it's increasing the cost of houses by up to \$100,000 per year. We can't afford that. The median house price in the state of Michigan is \$430,000. And when you continue to add layer and layer of bureaucracy and unnecessary regulation, these are things that necessarily increase the prices of our homes, and it makes it more difficult for people to live close to where they're working. And this goes to other issues of economic growth and development. These are all things that that can be adjusted just by changing the culture and having an understanding of how the real world works. How business works. Getting out of the bubble and truly understanding what northern Michiganders need. And you know who knows what northern Michiganders need most northern Michiganders. Which is why I'm here. It's super important to actually get out there and to listen and to learn before you leave. That's why I'm here. Yeah, we have to drive a little bit of snow, but we're Michiganders. We're used to snow. Right? But the snow tires on put on a nice jacket and head up the road. So I'm glad to be here. I'm glad to listen. But yes, housing is is a top concern all over the state, but especially in Northern Michigan.

[00:02:34] Kyle Melinn

Talent is another issue, top of mind here. To what extent does state government have a role in encouraging people to come to Michigan and stay in Michigan? The young talent and letting them have a place to stay. What's the role here for state government?

[00:02:47] John James

So again, um, culture, we need to have a culture change. And as a combat veteran, as a business leader, I understand leadership and nothing in my experience I've ever seen or read about has the capability of changing culture. Other than leadership, we need to create a culture where we're treating the people that we have already with the utmost respect. Folks, we're who's who's run a business before. Business leaders here. There's a lot of hands. That's exactly right. What's the best way to make sure you get new customers? Right. You treat the customers that you have. Well, what's the best way to get new talent? You keep the talent that you have a treat them well. But we're not doing that in Michigan. My father came from the Jim Crow South. Not just for a better job, but for a better life. You know, I just spoke with a gentleman who graduated high school. He's much younger than me and much more hair. But he graduated high school, brother rice, where I went to school, and he just moved up to Northern Michigan for a better life. And see, this is the opportunity that we have in the state, especially as things are beginning to get more extreme around the country, around the world, with 20% of the world's fresh water making things more affordable, making them more accessible, making them more friendly. These are the types of things that will be more attractive to both keep the talent that we have and attract more talent here.

[00:04:13] John James

We have a young, younger generation. It used to be that people moved to where the job was and then they found a place to live. But we have to adapt to the 21st century. People are moving to where they want to live first and then trying to find a job. And this is becoming more prevalent with folks like Ben who understand after Covid, he has the ability to work remotely. And so what are we doing to make a 21st century broadband infrastructure in rural and urban environments, particularly northern Michigan? What are we doing to tear down the barriers and increase those bridges so people can come here, can grow, can start their families and stay? And these are the types of questions that we have to ask. And I know there are a lot of people in this room already working on that. And I want to listen. I want to enable you to be able to do that because local control is important and we cannot have a one size fits all approach. What works in Detroit might not work in Traverse City. What works in Grand Rapids might not work in U.P.. And so these are all things that we have to do to attract the best talent and and to keep them.

[00:05:19] Kyle Melinn

Congressman, to that point, as you're looking at how you would reorganize state government to the extent that you would do you see major changes being made in the state departments or agencies that would help advance your vision for economic development?

[00:05:33] John James

Lansing asks you for so much money. Lansing asks you for billions of dollars a year. Lansing is spending \$20 billion more of your money, and they spent just six years ago. Who remembers what's going on six years ago? Yeah, I did. I didn't forget Covid. I didn't forget when they shut down the state and they told you you couldn't canoe outside in northern Michigan. They told you you couldn't get a haircut in Northern Michigan. When they shut down the wineries and the churches in northern Michigan, I didn't forget that. Hopefully you didn't either, because the answer is not in Lansing. The answer is right here in northern Michigan for Northern Michigan. The first thing that we're going to do is we're going to audit these, these these, uh, these government organizations to figure out where your money went and why. That's the first step. And then we're going to consolidate certain organizations like Michigan Works and Unemployment. Those are two organizations that should work hand in hand, because we need to give Michiganders a shot. And if you're able bodied and able to work, then the money should go to people who are in desperate need, not the ones who could be working. Another thing that we need to do, uh, is we need to make sure that we are focusing on the culture at the medc, the medc needs to be stripped down to the studs and reformed, and the culture there needs to change, and this is what we need to focus on.

[00:07:06] John James

We need to focus on retention. We need to focus on retention and focusing on the businesses that we already have here. As a business owner myself. Sometimes I've asked myself with the jobs that we've created and the taxes that we're paying, do you even want us here? And I hear the same refrain, whether you're a farmer or whether you're a factory or anywhere in between, people in Lansing make it so doggone hard to do business, make a living, innovate and provide for families. We're going to strip that down. We're going to focus on retention, and MEDC needs to focus on that culture change. And specifically, what do businesses need? As a business leader, I know three things among many compliance, a customer service organization that will hold your hand to make sure that you can march through the hurdles, tearing down barriers, building bridges so you can get through the regulatory process. Capital. Access to capital. What are we doing to link up small businesses, businesses of all sizes to capital to grow and sustain their businesses? Focusing on the customers we have. And then third, we have to focus on making sure that we have the character so that people know that the resources they're spending aren't wasted.

[00:08:16] Kyle Melinn

Uh, we do got another. We do. Got another question I want to get to because the most important economic tool that you have, whether it be a tax cut or an incentive, what would you say it is.

[00:08:27] John James

The most important thing.

[00:08:28] Kyle Melinn

The most important tool, would it be a tax cut, a tax incentive or a giveaway? What would it be?

[00:08:34] John James

Um, let me be clear here. The most important thing that we can do in the government is have an efficient, fair and limited government with the, with the, uh, the tort reform and the regulatory reform that we're going to bring. Those are the first steps, because as a business leader, you understand, as a as a worker, you understand you can't bribe anybody with enough money to make a value destroying decision. That's why you have this administration who spends billions, hundreds of millions of dollars over, say, on these programs, and people come and promise all these jobs. This this press release, politics is bankrupting our state. And so by focusing on the tax reform, to make it so that we are making more tax advantaged, um, for the people as well as the businesses following the examples that have already been proven out with a state like ours that has the the 49th out of 50 growth rate, and you look at the states that are growing, the top ten are red states with Republican governors with a more favorable tax environment. You look at the states that are shrinking. The bottom ten are blue states with Democrat governors that are losing population. You see that same cycle when we get Republican governors, when we get Democrat governors. But that's the tax environment that we need to make to make it more hospitable for businesses and people to stay and come, but also the tort reform that's required to make sure that you are not paying excessive \$3,000 per man, woman, boy and girl for your for your insurance premiums, and also a regulatory environment where you're not forced to leave. We need to create a culture that's more permissive for business, more permissive for innovators, and those are the things that we can drive down through a culture of leadership from someone who's actually run a business before.

[00:10:21] Kyle Melinn

Last question. We've only got a minute left. Congressman. This has been going back. It does. It does indeed. Uh, to what extent does Northern Michigan play? And what do you vision in particular to assist Northern Michigan in their economic development strategy?

[00:10:35] John James

That's crazy. Okay. Um, so, uh, in the military, we had we had sustained and improved. So what we sustain is what we're doing. Well, auto and ag, we're crushing it. Um, but the improve two areas that I would most like to improve is in tourism and defense tourism. We have the best fisheries. We have the best hunting, working with and making sure we form the DNR and listen to sportsmen on how we can get the most out of our out of our outdoors, taking advantage of the fact we're surrounded by the world. 20% of the world's fresh water. Leaning into this asset, bringing back pure Michigan. Those are things that are going to excite people. Because in addition to being able to have, uh, education, which is important, public safety, which is important, beauty. We have a beautiful state. People want to live close to beauty. And we have that here in space. The second defense I'm a combat veteran. I understand what it takes to keep Michigan safe because I've done it before. I bought on the front lines, and I know that Michigan has an outsized role by bringing fighters to Selfridge and extending the runway. Just got that done. We have a crown jewel in Grayling that trains the world's forces, and we have a defense complex with, uh, land, sea and air capabilities that rival any place in the world. We can get more out of Grayling, but we also have Chinese, uh, Of espionage. We also have people who are trying to get here. We need to keep Michigan our IP safe. And there's also with this water, particularly in northern Michigan, shipbuilding capability, there's the three M, the maritime manufacturing down in Macomb. We need to bring that up to northern Michigan. They're building ships in Wisconsin. We share the same lake. We need to make sure we have the regulatory environment, the environment and the tax environment to attract that investment, that talent. And we need to be investing in skilled trades as soon as middle school to make sure that we have the availability and the qualified talent right here in Northern Michigan throughout the state to do it.

[00:12:30] Kyle Melinn

All right. Congressman John James, thank you so much for your time today, sir. Exactly. I gave you I gave you a couple extra. I gave you a couple extra.

[00:12:46] Nikki

Thank you very much, Kyle. And thank you, Congressman James. Appreciate it. Don't go too far, Kyle. So we are going to end this certainly not least of a gubernatorial candidate. I'd like to invite our final gubernatorial candidate to the stage. Please join me in welcoming Mike Cox to join Kyle once again at the news editor with verse.

[00:13:07] Kyle Melinn

We'll see. I'll try and cut you off. So you go to no, no, you go first, then you're in third. Thank you. Three. Yep. All right. Thank you. Thank you everybody. Wow. This has been an action packed day. Appreciate it. Attorney general. Uh, glad that you're able to join us here today.

[00:13:29] Mike Cox

Well, I was the youngest of of kids, of my family. So my mom always said to save the best for the last, so. All right, I will treat this.

[00:13:36] Kyle Melinn

Very good. Thank you. All right. Housing seems to be a big issue for the folks here. To what extent do you think state government plays a role in helping make sure that there's adequate housing in places like Northern Michigan, which is growing but doesn't have enough housing for the people to live in, the workers to live in. Sure.

[00:13:54] Mike Cox

I think there's two things. There's a number of things that they should do. And I hope we get to this when we talk about incentives. Number one, we have to create an economy and and environment here in northern Michigan, across Michigan. First and foremost, where where people want to come and live to begin with. Uh, and my plan is focus on education and then eliminate the income tax. But what can we do specifically, Kyle, as at the state level? Uh, number one, we can address the building codes. Uh, if you talk to any developer across Michigan, including northern Michigan, the building codes are always in flux. Number two. Uh, what is any builder of any sort? Face they face wetland permit issues. And, of course, if you talk to developers who work in Michigan, Indiana or Ohio, they will tell you what takes a year here. Takes 2 or 3 months in Ohio and Indiana, and capital is in time and capital, uh, move across state borders. And so folks go to Indiana and Ohio as opposed to Michigan. What else can be done? I think it's important, as a governor to push incentives to make local communities who face housing shortages not make because I don't want to change local control, but we can encourage local communities to embrace, uh, housing solutions, 3D printing houses, uh, the in-law outlots or in-law houses on lots.

[00:15:21] Mike Cox

Uh, we can also, you know, mini houses. Those solutions may not work for every community, but they can certainly work in a lot of communities around the state. And the state can help with incentivizing local towns and villages to move that way if they choose. One last thing, and I think it's kind of interesting, you know, there's a new idea floating around that I've been investigating. I'll call it a residential TIF. So we have TIF for downtown areas, and a residential TIF would be we'd tell and this would again be focused on the locals. Locals can make deals to create a residential tiff. Meaning if you're going to build 50 homes, three multi units, whatever you will, we will backload it so you know your debt service is covered and you recover above whatever the local school district, above whatever the local county mills are. And that would be a way to help finance more supply because sometimes government interferes in the market and housing and they actually cause more demand without increasing supply. So I think you get a pretty good idea of what I'm talking about. Hopefully you do.

[00:16:29] Kyle Melinn

Yeah. What about talent? Um, what what did the state government do to help retain and recruit talent to come to Michigan?

[00:16:37] Mike Cox

Well, I have three of my four children have left the state, and I visited my granddaughter's Mississippi and one of the fastest growing states. Doing. What are the states that retain talent do? Uh, first and foremost, they fix education. And they've also eliminated the income tax. Why? Because innovators from low dollar innovators to high net worth individuals want to be where taxes are low. In fact, we see that with the growth of the airport here in Traverse City and the amount of traffic that's coming from private, high net worth folks who move here to invest. Secondly, again, if you look at the states that are growing younger in their workforce, it primarily is low tax, no income tax states because people want to live and grow there. A couple other things on the beginning of talent, in order to get folks to be able to go into what I call three tracks of middle school, you know, traditional college prep, traditional high school or trade certification badge. And we got to get them through primary schools so they can read. My old man was a carpenter, but he was an excellent trigonometry, only having been a carpenter. And so if you don't have basic math to get to middle school and you're not prepared, uh, you know, you're not going to be able to get in the Trade Badge certificate. So those are some of the ideas I think, that the best states are using to grow and retain talent and keep folks here.

[00:18:03] Kyle Melinn

Attorney general, how do you envision reorganizing state government, either through the bureaucracy, the department, the agencies? What do you what do you plan on reshuffling to help with your economic development agenda?

[00:18:14] Mike Cox

Well, you keep calling me attorney general, but I'm proud I have a more proud, uh, title right now. I'm a business owner for the past 14 years, so like anyone who's been on the stage here, I've actually been creating jobs in the private sector, like many of your members have. So. But let me get back to you.

[00:18:29] Kyle Melinn

All right. I'll call you counselor. How about counselor?

[00:18:31] Mike Cox

Attorney general? All right. And what I found, oftentimes, I was attorney general during the last decade, right? Where we had a one state recession that rolled into the Great Recession. And there was a couple of things I noticed. It was Governor Granholm was a governor, and she'd have an economic goal. And what would happen is her her it was a thing called Dick. But now Eagle. Eagle would fight with her. Medici or Ego would fight with what's now called eMDR with the ag department. And so there was an alignment amongst the departments and agencies. So think about this. There are currently 18 departments in state government. A number of them are elected AG, the Secretary of state. Uh, there are a couple others who treasurer and state school board and school boards also elected. But then if you look at if you think about how do we beef up the education and employment pipeline. So think about this. We have a state Department of Education. We have a competing State Department called Lead Learning and Potential. We have medc over here on the side. We have a Department of Labor and job or economic opportunity. Uh, and, uh, we have a couple other departments who come in and us. So if you start about child care. Child care is taken care of by DHHS K through 12. We have two competing agencies Sleep and the education department. And then you move into what would be 12 to 14 in terms of vocational skill trade, we have the Department of Labor jumping in. My point is, I would align all those in the bureau. If you think of most successful presidential administrations, you know, they have the foreign policy side and they have the domestic policy side.

[00:20:15] Mike Cox

I would create what I would call group presidents, group vice presidents or bureau chiefs in order to make sure we create alignment amongst those agencies and departments. So they're all going the right direction instead of fighting against each other. And I'll tell you this, Kyle, and you know this. And so like I said, I was attorney general during the lost decade. And so I think someone pointed out earlier, our our government has actually spent \$26 billion more, grown 45% over the past seven years than when we started during my time, during my eight years, We actually shrunk the size of government each and every year. I got a budget number which was below the inflation rate, so we were losing in real dollars. So when I walked into the office, I from the beginning, we had 44 divisions. By the time I left out, we had 25. And we organized those 25 divisions in five different bureaus, which were so we were aligned. Why did I have to do that? Because I had to reduce my workforce, my headcount, my FTEs by 22%. Think about that. In state government. That would be like getting rid of 10,000 state employees. But we did that. We reorganized because we had to meet our budget and we had to meet. As you can expect, our caseloads went way up during the lost decade by by 10%. So government should be government actors should be aligned. The governor's administration needs to be aligned and be flexible and nimble. I've done it before and I'll do it again.

[00:21:53] Kyle Melinn

And what do you think is the most important economic tool? You mentioned income tax earlier, and I think you may go in this direction, whether it's a tax cut or an incentive. The biggest tool that you can see that you would like to bring in to spur economic development.

[00:22:06] Mike Cox

There's two. All right. I'm not I'm not a I'm a bit of a skeptic about incentives. And why is that. Because the most politically powerful tend to get those incentives the most politically connected get tend to get those. It may not be the best free market economic idea. So here's my proposal as a small business owner. I left office in 2011, spent the past 14 years building a business started at \$0 with one employee, me. And at the high point two years ago, we had 23 employees and we had revenues over 40 million a year. One thing I learned there, when government talks about investments, what they're really talking about is taking money from citizens and small business owners, grabbing that money and then spending it on something else. Not those same people. So small business owners. That's about 99.6% of the businesses. I don't know if Brian Kelly did that pitch earlier. 99% of the businesses in Michigan are actually small business owners, and they drive two thirds of all new jobs. And so when you cut the income tax, not only does every senior get more money in their pocket in terms of reducing, in terms of eliminating a tax on their pension, not not only do young couples who want to save for a new home get a little extra bit in their pocket in order to buy that first home. But every small business owner who create the most jobs will create the most jobs in Michigan. They get more money to their bottom line to invest in a new stove. If they if they do pizzas, hire a couple more people. If they have a Coney Island shop and they make the best judgments, they're the most flexible. And so number one is eliminating the income tax.

[00:23:47] Mike Cox

And what else do we know when you eliminate the income tax. Prosperity growth, immigration, growth, immigration meaning into the state. I instead of immigration out of the state, which we've been having and education grows. Which leads me to my second other idea, which is again, not an incentive, but a baseline policy that impacts everyone, which is a fixed education, primarily K through four people up here. I remember Mr. D'Onofrio talked about the Mississippi miracle. I've lived it. I have two granddaughters who are 17 and 15, who grew up in Mississippi. 12 years ago, in 2013, 2013, they were 49th in the country in fourth grade reading. They're now ninth. Within five years, they moved from 49th to 29th. It was rapid. My granddaughters were the beneficiaries of that. In fact, this is how strongly they emphasize it. My younger granddaughter is moderately to severely autistic. And when her mom brought her to kindergarten, they said, I'll miss Lindsay. I don't want to say her last name. She's not in politics. But, ma'am, your daughter is going to have to be able to read to go to fourth grade. And we've seen dramatic results. We had a reader readiness law, which we got rid of and where 12 years ago we were 27th kind of mediocre middle of the pack. We are now 48th. Mr. Denofrio called it 44th, but we're tied with four states. And let's be real, if you're tied with four states, there's only two states behind you. You're 48th and we need to get to move and start working on that. Those two things alone. Uniform policies, not political carve outs, will drive our economy like we've never seen it before.

[00:25:33] Kyle Melinn

All right, we've got one more question, councilor. One more minute. All right, so be quick on this. But how do you see Northern Michigan fitting into your economic development strategy?

[00:25:42] Mike Cox

Okay, well, I think it's perfect. So if you think about, uh, eliminating the income tax, what does that mean? That Front Street, every store owner gets a little more money to invest and invest in your storefront or equipment they need. Think about this huge driver. The airport. We're going to get more high net worth people coming here to Michigan, more remote workers coming here to Michigan where they'll pay their local debt. They won't have to pay a local income tax. So and if you're a if you're a small automotive company in Cadillac, or if you're a main street in Cadillac, you will all business owners will get more money to spend here in Michigan more smartly than state government can. Um. What? Education? So whether you're in Pellston or you're in Lake City, you're going to get the opportunity to to learn and be pushed at a level like schools throughout the rest of the state. And so what we're going to have is more families that stay here, more families that shop here and do business here. And one other thing. These two policies apply to everyone across the state. Incentives. Remember? Mr.. I thought Senator Dumas made the point. Remember, he said, we don't have a fixed economic plan. So that's why I vote for these incentives. Well, if we get a solid economic footing, he won't have to vote for these incentives and make one community compete against the other. One last thing. Think about the ice storm last March. Think of how long it's taken to be addressed by Lansing. In fact, there's a bill for \$100 million relief bill in the Senate. I live in Wayne County. I live in Livonia. You know what would happen if it happened in Wayne County? It'd be fixed already. So my point to you is when you go to vote, you have to realize that you need across the board plans, because across the board policy plans will best take care of folks in areas like Northern Michigan where you don't have the where you don't have the political power that metro Grand Rapids does or Metro Detroit does.

[00:27:41] Kyle Melinn

All right. Thank you very much, Attorney General Mike Cox. And that concludes our gubernatorial, uh, conversation, I believe that this is Nikki. I think this is the first time we've had all six major gubernatorial candidates at a single event. And that's because of this group here. Everybody decided to show up. We had, as I said earlier, 600 people. So congratulations to you all for encouraging all of the gubernatorial candidates to come. It's a very special event. Thank you all. Thank you I appreciate it.

[00:28:15] Nikki

Absolutely fantastic point. It is the first time that we are thrilled that it happened here at the Northern Michigan Chamber. All right. Nice work. You beat me to the gym this morning. Yeah, really quickly too. Yeah. I have one more question for you, and I have to ask before you go.

[00:28:30] Kyle Melinn

I'm with you.

[00:28:32] Nikki

Just a moment. Um, all the candidates.

[00:28:36] Kyle Melinn

What are you.

[00:28:36] Nikki

Doing? Are they with the needs of the people of Northern Michigan and the U.P.? I would love for you to stand this. Good to see you. Fill it out and take a look at it. And while you do that.

END OF TRANSCRIPT



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