Michigan Proposal Seeks to Boost Oil Processing

LANSING, Mich. (AP) — A proposal in Lansing would use tax incentives to prompt construction of a new oil processing facility as part of an effort to keep gas prices in check.

Legislation proposed last week by state Sen. Rick Jones, R-Grand Ledge, aims to attract a new, relatively small refinery to the state, the Lansing State Journal and The Detroit News reported. The proposal would use a 10-year property tax and business tax abatement.

"It would be a smaller, leaner, cleaner operation that would make gasoline for the Michigan market," Jones said.

Jones said his legislation is inspired by a growing impatience in the state Capitol with fuel prices that periodically skyrocket.

"I'm responding to my constituents; I'm trying to do something," Jones said.

Some oil industry representatives, however, said there is no need for an additional refinery in Michigan. Industry officials said the oil refinery business has been contracting and consolidating, not expanding. And there's already a big refinery in Detroit.

"We have enough capacity," said Charles Drevna, president of American Fuel & Petrochemical Manufacturers, a trade association.

Marathon Petroleum has a refinery in Detroit, and spokesman Brandon Daniels said the notion that another refinery would guarantee lower pump prices in Michigan is too simplistic. He said other factors include transportation, crude oil prices and competition.

The offices of Gov. Rick Snyder and the Michigan Economic Development Corp., which has used tax breaks to attract businesses, said it's too early to take a public position on Jones' proposal.

"We are always working to attract new investment and create jobs in Michigan and welcome discussion of new tools that support our mission," said the MEDC's CEO Steve Hilfinger.

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