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# Mac Center Smacks MEGA

A Mackinac Center study released this week reveals that the Michigan Economic Growth Authority (MEGA) should be diminished or have a makeover.

Done by Michael **LAFAlVE**, Mackinac Center fiscal policy director and Michael **HICKS**, an assistant professor of economics at the Air Force Institute of Technology, the study shows after ten years MEGA has failed to meet its expectations.

Their study was compiled from news reports and state documents gathered from 1995 to 2002, the latest year for which county-level economic data were available.

In 1995, MEGA was created under state government to create in-state job creation and business investment. MEGA selects firms to receive Single Business Tax (SBT) credits in return for creating new facilities and jobs in Michigan.

Agreements in MEGA are expected to create both direct and indirect jobs. Direct jobs are new jobs at the specific firm sites that are subject of the MEGA package and indirect jobs are new jobs created outside these specific firm sites in response

to MEGA-related investment and direct employment.

With it turning 10 on Monday, LaFaive and Hicks noted that MEGA originally proposed their tax credits would create 35,821 jobs by 2005, but have produced only 13,541 directly and 28,812 directly and indirectly.

Mike **SHORE**, Michigan Economic Development Corporation spokesman, said the study was a waste of a lot of paper.

"Michigan is a state where in economically difficult times it has a lot of high paying jobs," Shore said. "If we disarm, we just let those jobs slide across the border or to other places of the country."

LaFaive and Hicks recommends the state to either end MEGA or have the makeover of focusing more on direct jobs counts, auditing MEGA, developing a transparent framework for tracking success and failure and commissioning an independent econometric review.

"Even with what little value that is in this book," Shore added. "We will not look at them on how to run our organization."