

Bolton & Associates, LLC
Economic and Fiscal Effects on Michigan - Net Benefits with the Incentive Package

Economic/Fiscal Indicator	2008	2009	2010	2011	2012	2013	2014	Total
Total Employment								
Manufacturing	95	148	198	248	299	300	300	
Non-Manufacturing	1	2	2	2	2	1	0	
Retail Trade	94	146	196	246	297	299	300	
Services	8	12	16	20	24	24	24	
Other	78	117	156	195	234	234	234	
	8	17	24	31	39	41	42	
In Current Dollars (Thousands):								
Personal Income	\$4,761	\$7,996	\$11,260	\$15,110	\$19,070	\$20,450	\$21,850	\$100,497
Gross State Revenue	367	616	867	1,163	1,468	1,575	1,682	7,738
Mega Cost	111	174	242	318	400	418	436	2,099
State Revenue Net of MEGA Cost*	\$256	\$442	\$625	\$845	\$1,068	\$1,157	\$1,246	\$5,639
Adjusted for Inflation (Thousands of 2007 Dollars):								
Personal Income	\$4,649	\$7,586	\$10,384	\$13,555	\$16,656	\$17,403	\$18,131	\$88,364
Gross State Revenue	358	584	800	1,043	1,282	1,340	1,396	6,803
Mega Cost	108	165	223	285	350	355	362	1,848
State Revenue Net of MEGA Cost*	\$250	\$419	\$577	\$758	\$932	\$985	\$1,034	\$4,955

* These estimates do not include any state government revenue losses due to the Investment Tax Credit, the Renaissance Zone Credit or the property tax abatement.

REMI Terms and Definitions

Benefits estimated by the model: the total number of jobs created in Michigan (by major industry, including spin-off jobs), and the associated personal income and state government revenue generated due to the gain in economic activity resulting from the project.

Direct jobs: the jobs created at the project facility itself, as estimated at the end of the incentive period.

Employment multiplier: the total number of jobs created (direct plus spin-off) for every direct job introduced constitutes the employment multiplier. The numerator of the employment multiplier equals the number of jobs (direct and spin-off) created on average over the incentive period when the facility is at full operations. The denominator of the employment multiplier represents the direct jobs created yearly over the same period.

Personal income: the income of Michigan residents from all sources, after deduction of contributions to social insurance programs but before deduction of income tax and other personal taxes.

Spin-off jobs: Spin-off jobs are generated from two sources: increased purchases from Michigan suppliers; and spending by people who receive income due to the increased economic activity.

Total employment effects: direct jobs created at the facility itself plus spin-off jobs, as estimated at the end of the incentive period.

REMI estimates do not include the nonmeasurable effects that would produce additional economic and fiscal benefits for Michigan, such as the intangible advantages of influencing other location and expansion decisions.