

**The Economic Effects on Michigan of
the General Motors-Willow Run Facility Retention Decision**

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REMI Terms and Definitions

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

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

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

**Economic and Fiscal Effects on Michigan of the General Motors-Willow Run Facility Retention
Net Benefits with the Incentive Package**

Economic/Fiscal Indicator	2007	2008	2009	2010	2015	2020	2025	2027	Total 2007-2027
Total employment	412	12,570	12,150	11,970	11,560	12,140	13,130	13,490	—
Manufacturing	53	4,533	4,447	4,385	4,275	4,368	4,519	4,560	—
Nonmanufacturing	359	8,037	7,703	7,585	7,285	7,772	8,611	8,930	—
Retail trade	83	2,087	1,988	1,941	1,816	1,888	1,992	2,034	—
Services	127	3,343	3,152	3,055	2,775	2,988	3,461	3,662	—
Other	149	2,607	2,563	2,589	2,694	2,896	3,158	3,234	—
In current dollars (thousands):									
Personal income	18,000	652,000	700,000	747,000	932,000	1,155,000	1,448,000	1,579,000	21,417,000
Gross state revenue	1,384	50,139	53,830	57,444	71,671	88,819	111,351	121,425	1,646,967
MEGA cost	0	4,840	1,254	1,302	1,610	2,074	2,785	3,175	42,672
State revenue net of MEGA cost*	1,384	45,299	52,576	56,142	70,061	86,745	108,566	118,250	1,604,295
Adjusted for inflation (thousands of 2006 dollars):									
Personal income	17,695	606,045	616,603	642,871	748,078	870,080	1,019,824	1,078,378	16,415,315
Gross state revenue	1,361	46,605	47,417	49,437	57,527	66,909	78,425	82,927	1,262,338
MEGA cost	0	4,677	1,191	1,216	1,378	1,625	1,999	2,201	34,694
State revenue net of MEGA cost*	1,361	41,928	46,226	48,221	56,149	65,284	76,426	80,726	1,227,644

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