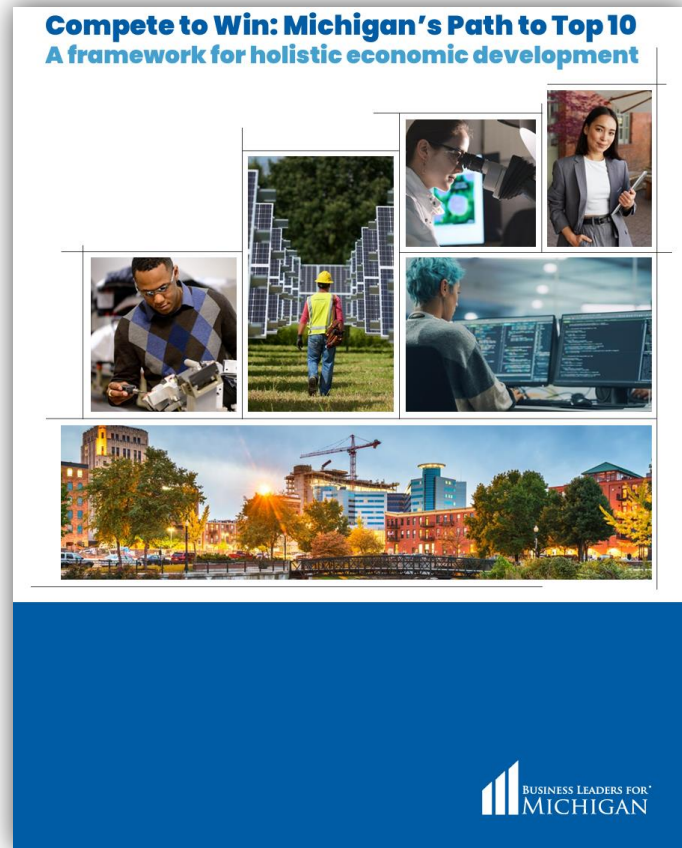


Compete to Win: Michigan's Path to Top 10

A Framework for Holistic Economic Development

In May 2023, Business Leaders for Michigan released a holistic strategy for economic development



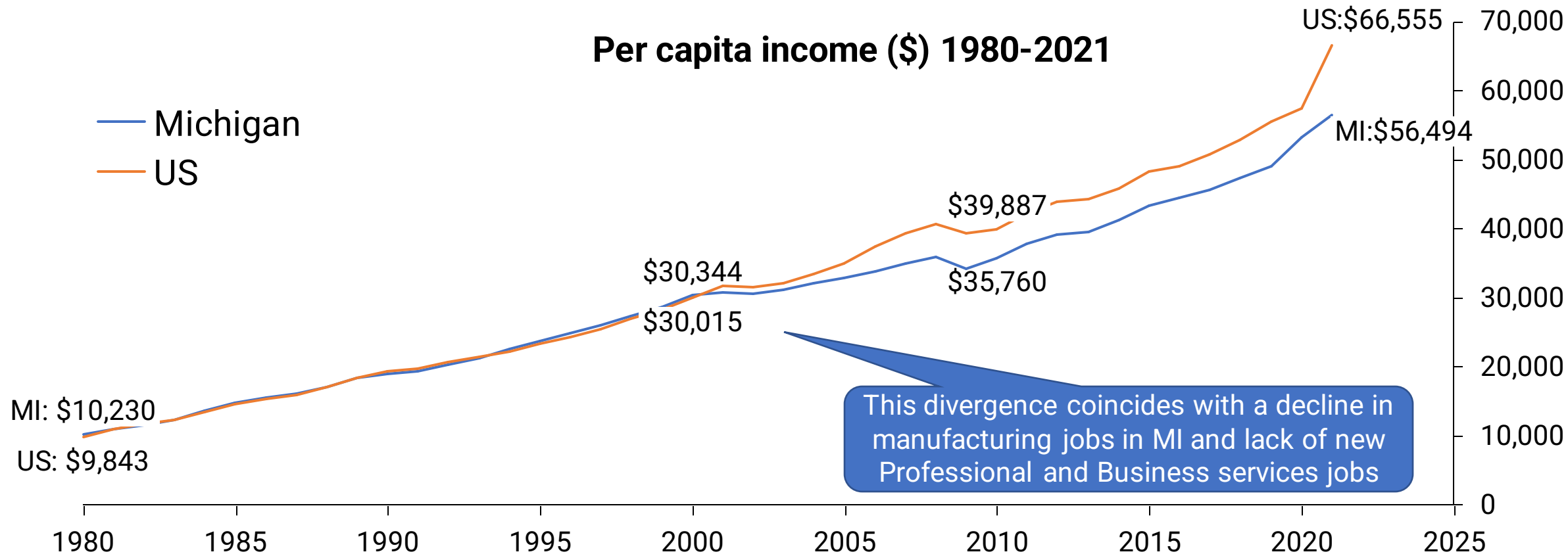
Key Principles

1. Prepare for the future we want
2. Ensure Michigan's talent is a differentiator
3. Make Michigan the easiest state for people and businesses to grow
4. Take a smart, consistent approach to incentives

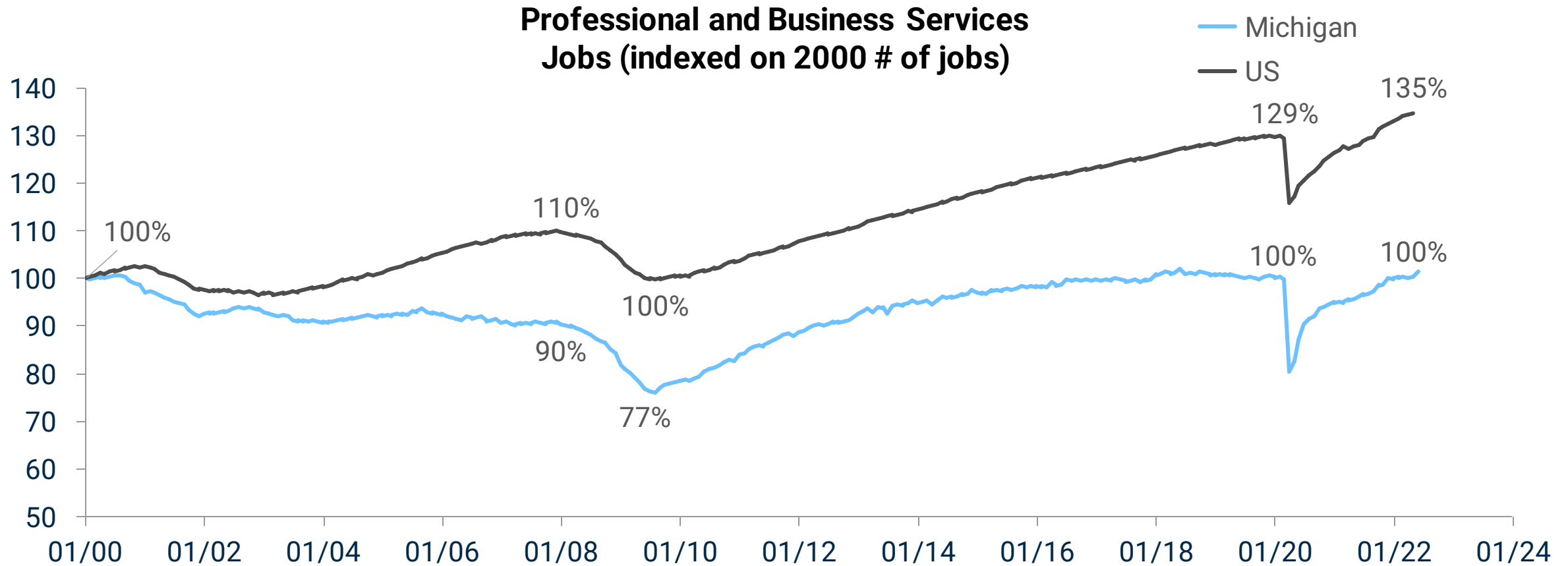
Michigan continues to confront stiff headwinds on the path to becoming a Top 10 state

- **Income has not kept pace**
- **We've underperformed in the knowledge economy**
- **"The Michigan 180"**

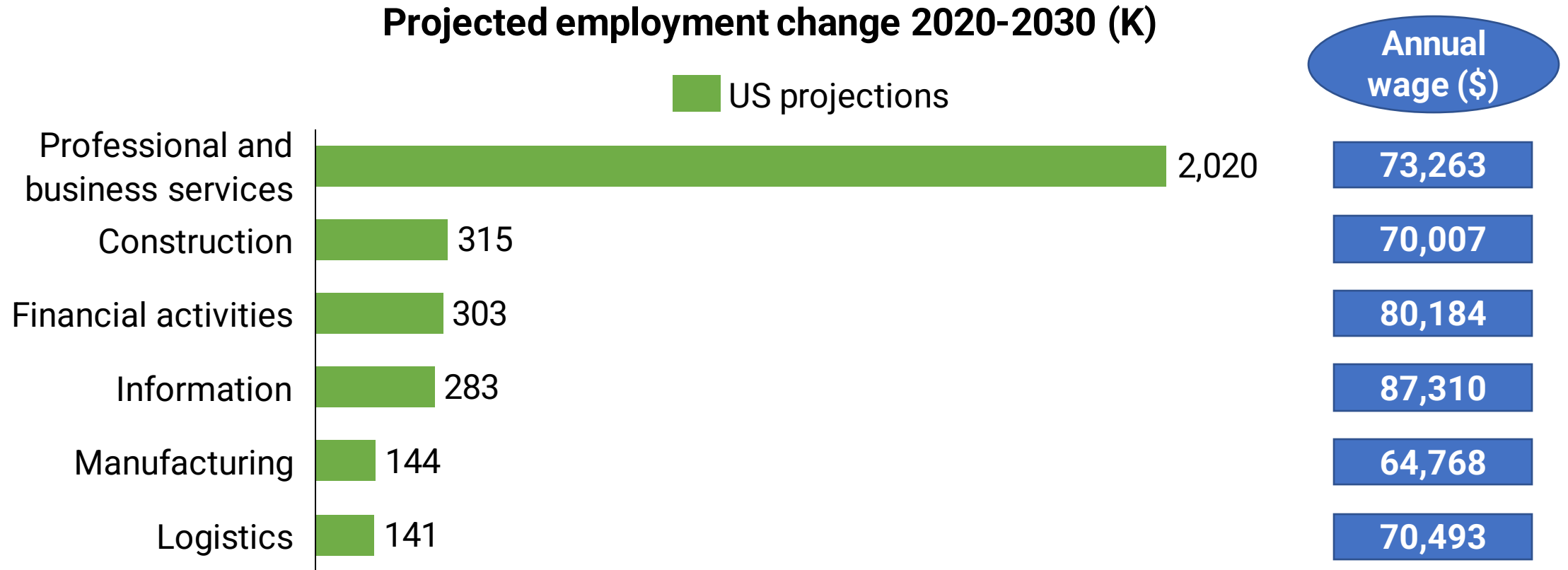
Incomes in Michigan have grown, but not fast enough to catch the rest of the nation



Professional and Business Services jobs have seen one of the largest growth rates in the US, but not in Michigan



Knowledge Economy Jobs will make up most of future growth

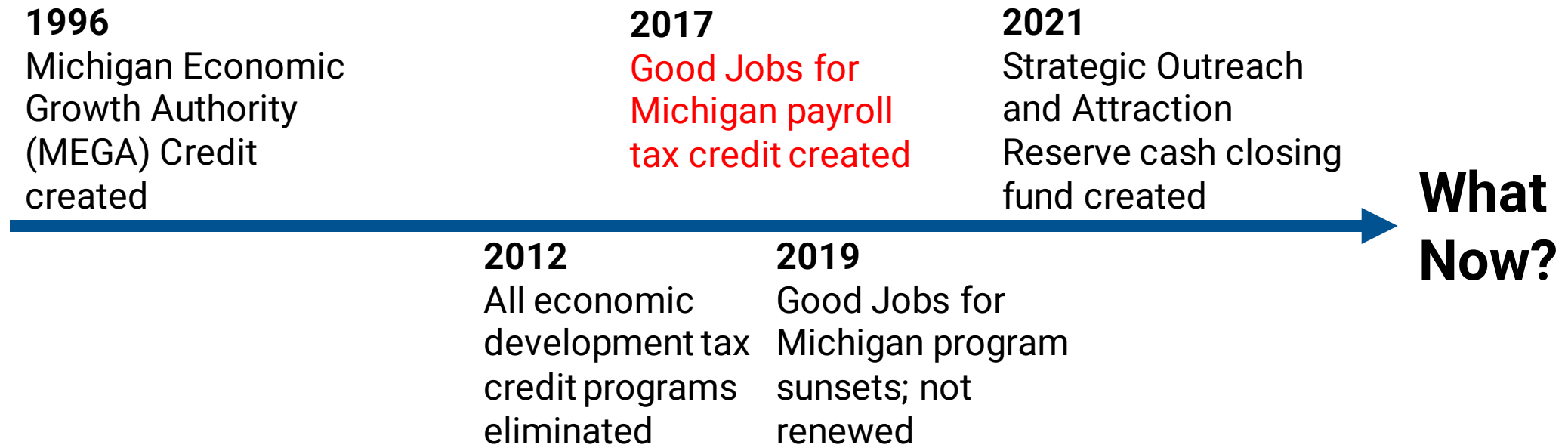


Michigan's largest portion of Professional and Business Services sector is Research, Engineering and Design – a sector ripe for growth

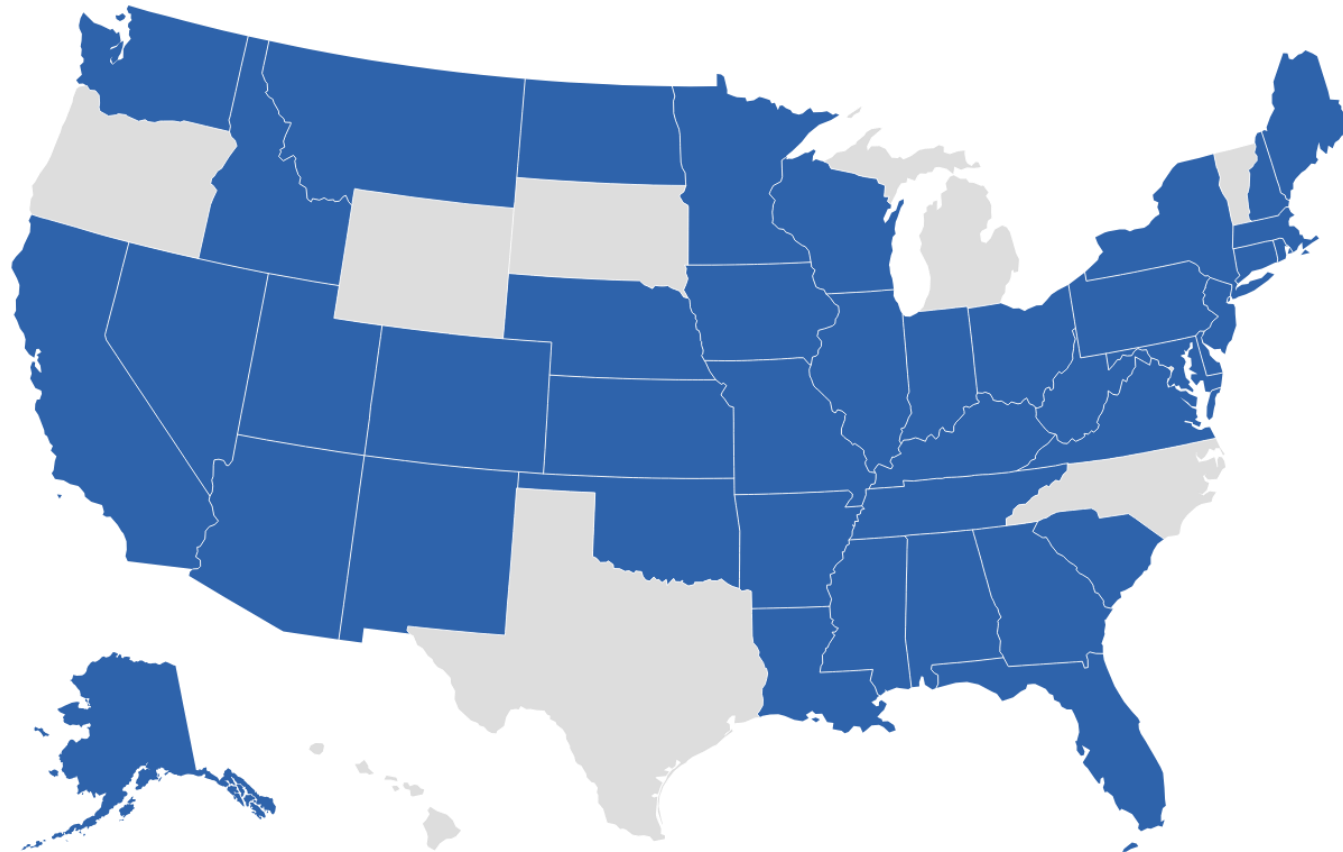
Unlike competitors, Michigan has been unable to sustain consistent policies to support job and income growth

“The Michigan 180”

Michigan’s economic toolbox



It will put Michigan on a level playing field with the rest of the country



Michigan is one of only 7 states without a **job creation tax incentive**

HIRE is modeled after the successful Good Jobs for Michigan program



From 2017 to 2019....

- **\$6.61 billion** in private investment
- **11,300+ jobs** committed
- **\$31.51 average hourly wage**, more than 140% above Michigan's median wage
- **\$1.56 billion net new revenue**

a return of \$5.40 to Michigan for every GJFM dollar invested

H.I.R.E.: same needed tool with new enhancements:

HBs 5413-5415 (Hoskins, Martus, Filler)- High Income Regional Employment

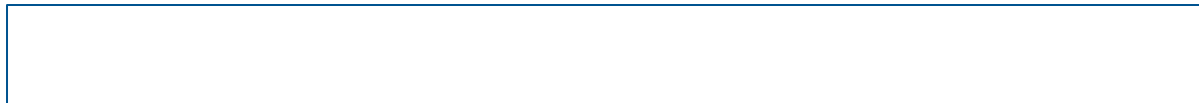
- Targets and allows for smaller and mid-size companies to move and grow here, or bigger companies to grow high wage jobs incrementally here that might otherwise be sited elsewhere

Businesses can capture personal income tax withholding from new jobs they create if they add:

- 250+ new jobs at 125% of the regional median wage; or
- 25+ new jobs at 150% of the regional median wage

Cap mirrors GJFM: Cannot exceed \$200M in total awards (outstanding promises, not appropriated revenue) at any one time

Sunsets after 8 years – transcends administrations



H.I.R.E. job creation and wage requirements are higher than other Great Lakes states



- **50 new jobs**
- **No wage requirement**



- **Any number of new jobs**
- **No wage requirement**



- **10 new jobs**
- **Wages at least 110 percent of federal poverty level**



- **10 new jobs**
- **Wages at least 150 percent of federal minimum wage**

The HIRE program is ...

SMART

- **Grows high-wage jobs.** Businesses can only capture personal income from new jobs if average wages exceed regional median.
- **Does not favor only large projects or certain industries.** Open to smaller and mid-size companies who pay high wages. Only casinos, retail and professional sports are ineligible.

It's fiscally responsible.

"Foregone revenue means the jobs would not have been here without the incentive, so it does not impact the general fund

- **It's net positive long-term.** The state forgoes some personal income tax in the short-term, but it, as well as sales tax and property taxes, accrue to the state over the long-term.

PERFORMANCE-BASED

- **Must create jobs at required wages to qualify.** If the jobs aren't created, no incentive is awarded.
- **Has transparency and accountability.** Required regular public reporting and evaluations of the program's effectiveness, a 10% penalty if any part of an agreement with the State was misrepresented

KLA: A Good Jobs for Michigan Case Study



- A Silicon Valley based company that chose Michigan over 350 other North American locations for its new R&D facility and second headquarters
- The Good Jobs for Michigan incentive was critical to bringing KLA to Michigan, along with our large concentration of engineering and skilled talent
- Since receiving the Good Jobs for Michigan incentive in 2018, KLA has more than doubled its planned investment and increased its commitment from 500 to 600 jobs, paying an average salary of \$112,000 – almost 2.5 times the median wage for the region

Industry:	Semiconductor
Approved:	2018
New Jobs Committed:	600
Private Investment:	\$217.83M
Average Wage:	\$112, 104
Incentive Award:	\$16.2M

Michigan voters support efforts to match the incentives offered by our neighbors and other competitor states

Question: Do you support Michigan using more, the same, or less incentives as Ohio and Indiana to attract jobs and investment?

