



**MICHIGAN ECONOMIC
DEVELOPMENT CORPORATION**

HIRE MI

HB 5413, 5414, 5415

House Economic Development
and Small Business Committee
February 13, 2024

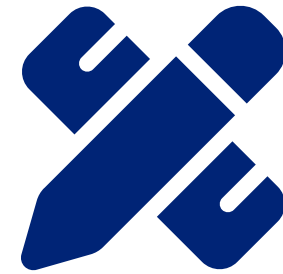
Business Expansion & Attraction Focus Sectors - Winning More Knowledge Sector, Higher Wage Jobs Through Anticipated New Economic Development Tools



Life Sciences & Medical Devices



Professional and Corporate Services



Engineering Design & Development

- Michigan's competitive ability to win more headquarters, professional services Projects under the '**Make It In Michigan**' economic development framework would be significantly increased by passage of HIRE MI
- This tool is more likely to be requested by companies in R&D, design, professional services sectors that are very knowledge capital intensive vs. requiring intensive physical capital.

Glimpse Into The Pipeline:

Examples of Hire MI Eligible Attraction Projects

Strong pipeline of potential opportunities: **17 projects** leading to **\$1.8B in anticipated CAPEX** and **6,100 new jobs**. **Importantly, along with the R&D tax incentive, this tool would relieve budgetary pressure on the appropriation to MEDC for Business Attraction and Community Revitalization**

Example: EV Company

- Growing U.S.-based EV Engineering & Design company
- Potential for R&D Tax Credit
- 250 qualified new jobs, wages \$40/hr.
- \$5 million private investment
- Southeast Michigan target site

INCENTIVE TOTAL: \$9.0M
over 10 years

Example: European Company

- Automotive Components
- 400 qualified new jobs, wages \$41/hr.
- \$20 million private investment
- Southeast Michigan target site

INCENTIVE TOTAL: \$14.6M
over 10 years

Example: Engineering Project

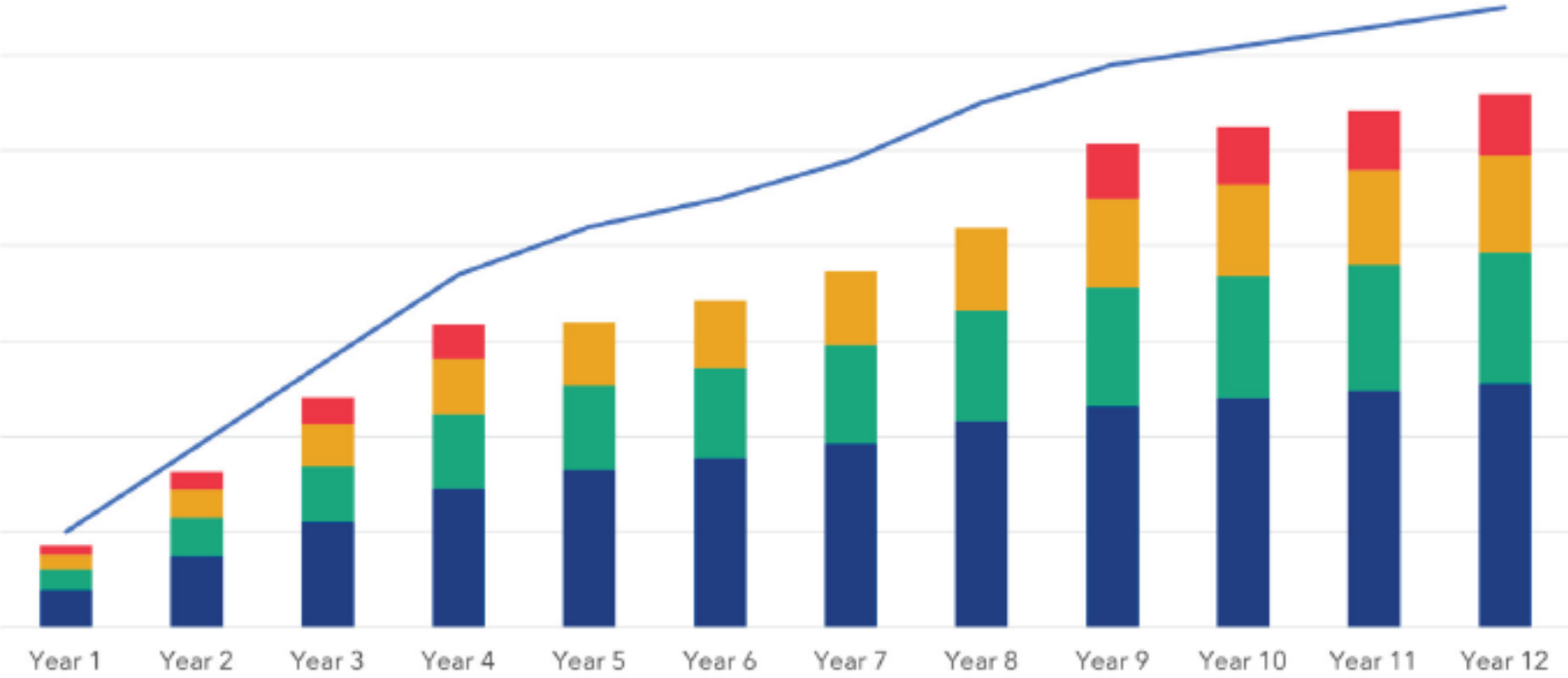
- Major South Asian manufacturing company in automotive & aerospace
- 100 qualified new jobs, wages \$64/hr.
- \$30 million private investment
- West Michigan target site

INCENTIVE TOTAL: \$5.7M
over 10 years

A Missing Piece

Michigan Business Development Program	HIRE MI HB 5413-15	Critical Industry Program (SOAR)
Three-year term	Five-year to ten-year term	No set term period
\$10 million cap per project	\$200M annual cap	Overall program cap of \$500 million FY24, but no per project cap
Performance-based cash grants, with clawback provisions	Built-in compliance: Failure to maintain required job numbers results in forfeit of withholding tax capture	Performance-based cash grants, with clawback provisions
<ul style="list-style-type: none"> • 50 job minimum with no location requirements • 25 job minimum in counties with population less than 90,000 (rural MBDP) • 25 job minimum for projects that fall within an "innovation industry" (innovation MBDP) • <25 job minimum for project that meets specific location or industry criteria (micro MBDP) 	<ul style="list-style-type: none"> • A minimum of 250 certified new jobs in the State with a median annual wage that is equal to 125% or more of the prosperity regional median wage. • A minimum of 25 certified new jobs in the State with a median annual wage that was equal to 150% or more of the prosperity regional median wage. 	Significant job creation expected - requires state support exceeding what is available through other job creation tools

Illustration of Project Tax Flow Under HIRE MI



■ Property Taxes ■ Business Taxes ■ Sales and Use Taxes ■ Employment Taxes — Number of Employees

**Estimated taxes for visual purposes only to show construction, job ramp up, and reimbursement period under HIRE MI*

How It Works