

## Confound it all with the same old business subsidies

Whitmer's HIRE program is another attempt to subsidize select businesses

By James M. Hohman | February 2024

Michigan Gov. Gretchen Whitmer recommends that legislators approve her proposed HIRE program, which would give select companies taxpayer money. In her pitch, she confuses taxpayer subsidies for saving companies money. “The more you hire, the more you should save in Michigan,” she says.

Companies that would get deals from this would not save money; they would receive money from the state treasury. Companies would get a check worth 4.05% of what they paid employees and get to keep collecting checks for up to ten years.

These transfers would be expensive. The bills allow lawmakers to hand out \$1.3 billion, or enough to pay for all of Central Michigan University's expenses for three years.

Lawmakers have tried this program before. Senate bills 579, 580 and 581 and corresponding bills in the House would revive the Good Jobs for Michigan program, which might be more accurately named the No Jobs for Michigan program. The state handed out deals to six companies in 2018 and 2019. Five years

later, the state reports it has yet to confirm that a single job has been created in these deals, according to the latest state report.

The Good Jobs for Michigan program itself was a reinstatement of the state's MEGA program, which cost taxpayers billions of dollars for few reported new jobs. Only a fraction of companies

— 2.3% — met expectations, and taxpayers are still expected to pay out \$3.5 billion before the deals already made finally expire. Worse, officials refuse to say how much each company collects from the deals. Lawmakers make a mockery of transparency when people cannot be told how much of their money a private business gets.

How many times does the state need to fail before legislators stop trying to bring this thing back?

Underlying the program's resurrection is a desire to beat other states in the subsidy game. “We can and must outcompete our neighbors,” Whitmer said at her State of the State address.

**“Handing out bigger checks through more programs is no way to create jobs.”**

Except Michigan already offers more business subsidies than any other state. Michigan operates a program that offers whomever lawmakers want however much money lawmakers want to offer. And legislators authorized \$4.3 billion in new business subsidies last year alone.

Handing out bigger checks through more programs is no way to create jobs. It doesn't work. While lawmakers give out subsidies to handfuls of companies to create hundreds of jobs, the state economy is creating and losing hundreds of thousands of jobs. Michigan creates and loses more than 800,000 jobs every year, according to the Bureau of Labor Statistics. No handout program can operate at the scope necessary to improve Michigan's economic performance.

To better compete, Michigan lawmakers ought instead to make broad-based improvements in the business climate.

Michigan can be more competitive by recalibrating occupational licensing rules that affect 17% of the labor force so they stop being unnecessary barriers to entry while still protecting public health.

Michigan can be more competitive by taxing profitable businesses at a rate lower than other states. Ohio now taxes income at lower rates than Michigan, yet Whitmer wants to raise the income tax rather than give Michigan more competitive rates.

Michigan can be more competitive by reducing the energy costs charged by the state's regulated monopolies. Instead, lawmakers are forcing businesses to pay for expensive renewable energy mandates.

Lawmakers should take an important principle to heart: Their work is supposed to benefit the public. Improvements to the state's business climate are broad-based and the gains are widespread throughout the state. In contrast, handing out checks to private businesses benefits the private business at the public's expense.

It's better to improve broad-based policies that affect many businesses than it is to subsidize a few businesses. The state has tried handouts before, with little success. Lawmakers should recognize that it's a losing strategy and reject Whitmer's latest pitch for more subsidies.

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