

**The Economic Effects on Michigan of
the BioPort Corporation Facility Retention Decision**

**George A. Fulton
Peter Nicolas
Donald R. Grimes**

**University of Michigan
February 14, 2006**

**Economic and Fiscal Effects on Michigan of the BioPort Corporation Facility Retention
Net Benefits with the Incentive Package**

Economic/Fiscal Indicator	2006	2007	2008	2009	2010	2015	Total 2006-2015
Total employment	1,511	1,039	1,038	948	940	952	—
Manufacturing	428	371	367	332	329	323	—
Nonmanufacturing	1,083	668	671	616	611	629	—
Retail trade	158	101	100	90	89	88	—
Services	480	348	346	315	313	330	—
Other	445	219	225	211	209	211	—
In current dollars (Thousands):							
Personal income	69,000	56,000	59,000	58,000	60,000	76,000	652,000
Gross state revenue	5,306	4,306	4,537	4,460	4,614	5,844	50,138
MEGA cost	691	678	683	631	642	806	6,998
State revenue net of MEGA cost*	4,615	3,628	3,854	3,829	3,972	5,038	43,140
Adjusted for inflation (Thousands of 2006 dollars):							
Personal income	69,000	54,877	53,557	51,513	52,304	63,678	579,524
Gross state revenue	5,306	4,220	4,119	3,961	4,022	4,897	44,566
MEGA cost	691	663	654	592	590	669	6,361
State revenue net of MEGA cost*	4,615	3,557	3,465	3,369	3,432	4,228	38,205

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

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.