

**The Economic Effects on Michigan of  
the Fisher & Company Facility Location Decision**

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### Abstract

*Fisher & Company is considering building a facility in Michigan to produce automotive seating mechanisms using large presses and metal fabrication. The facility would employ an additional 181 people by 2011. We estimate that by 2019, this location will have generated a total of 379 jobs in the state. Total state government revenues through 2019, net of MEGA costs and adjusted for inflation, would increase by \$16,135,000 (2003 dollars) due to the location of Fisher & Company.*

The purpose of this study is to estimate the potential economic and fiscal benefits to Michigan of Fisher & Company building a facility in Michigan to produce automotive seating mechanisms using large presses and metal fabrication (SIC 3499). Investment activity would take place between 2004 and 2007, with an investment of \$18.1 million. The facility would employ an additional 181 people by 2011.

The estimates of the benefits include the total number of jobs created in Michigan (by major industry, including spin-off jobs), and the associated personal income and state government revenue. Benefits net of the MEGA incentive package, from 2007 to 2019, are shown in the attached table. The MEGA incentive package includes a tax credit to the company for the period 2007 to 2019 equal to 100 percent of the state income tax rate on the payroll (gross wages) of employees hired at the facility as a result of the project.

The total employment effects, reported in the first line of the table, include the direct jobs created at the facility itself plus spin-off jobs. The 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. The investment activity is expected to generate a total of 129 jobs in 2004, 7 jobs in 2005, and 6 jobs in 2007; almost all of these jobs are temporary. In 2011, the first year of full operations, an additional 415 jobs are generated in the state. We estimate that by 2019, this location will have generated a total of 379 additional jobs in the state. The total number of jobs created (direct plus spin-off) for every direct job introduced constitutes the "employment multiplier." The employment multiplier for the location averages 2.1 over the period 2011 to 2019. Sectoral detail on the employment gains is also shown in the table.

Personal income is shown in the next section of the table. Personal income is defined as 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. As shown in the table, if Fisher & Company were to locate its operations in Michigan under the incentive program, state personal income in 2011 would be higher by \$31.7 million (in current dollars)

than it would be without the location, and in 2019 it would be \$40.4 million higher. Adjusted for inflation, these numbers in 2003 dollars would be \$21.5 million in 2011 and \$23.8 million in 2019.

The gain in economic activity results in higher state government revenues. We estimate that in 2011, the first year of full operations, the new facility would generate \$2,438,000 in additional gross state government revenue, and that the MEGA package would provide a \$384,000 incentive to Fisher & Company. Thus, the Fisher & Company location would increase state government revenues in 2011 by \$2,054,000, net of MEGA incentive costs.

Over the period 2007 to 2019, gross state government revenue is projected to increase by \$30,060,000 (in current dollars) due to the location of Fisher & Company. The MEGA incentive package for Fisher & Company is forecast to cost \$5,080,000 over the period, resulting in a net increase in state government revenue of \$24,980,000. Adjusted for inflation, the total net increase in state government revenue from 2007 to 2019 would be \$16,135,000 in 2003 dollars.

None of these estimates 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 Fisher & Company Facility Location  
Net Benefits with the Incentive Package**

Economic/Fiscal Indicator	2007	2008	2009	2010	2011	2015	2019	Total 2007-2019
Total Employment	218	212	273	282	415	377	379	—
Manufacturing	96	97	127	132	194	186	186	—
Nonmanufacturing	122	115	146	150	221	191	193	—
Retail Trade	28	27	34	35	52	43	42	—
Services	47	42	53	52	80	63	67	—
Other	47	46	59	63	89	85	84	—
In current dollars (thousands):								
Personal income	13,100	14,300	19,200	21,200	31,700	35,600	40,400	390,900
Gross state revenue	1,007	1,100	1,476	1,630	2,438	2,738	3,107	30,060
MEGA cost	160	181	247	269	384	463	571	5,080
State revenue net of MEGA cost**	847	919	1,229	1,361	2,054	2,275	2,536	24,980
Adjusted for inflation (thousands of 2003 dollars):								
Personal income	9,913	10,456	13,663	14,723	21,499	22,533	23,810	252,357
Gross state revenue	762	804	1,051	1,132	1,653	1,733	1,831	19,406
MEGA cost	121	132	176	187	261	293	337	3,271
State revenue net of MEGA cost**	641	672	875	945	1,392	1,440	1,494	16,135

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