

**The Economic Effects on Michigan of the
Grupo Antolin NA Facility Location Decision**

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April 15, 2003**

Abstract

Grupo Antolin NA is considering establishing a new manufacturing facility to supply interior trim components and systems to the automotive industry in an existing building in Marlette, Michigan. The facility would employ an additional 214 people by 2007. We estimate that by 2013, this location will have generated a total of 566 jobs in the state. Total state government revenues through 2013, net of MEGA costs and adjusted for inflation, would increase by \$23,818,000 (2002 dollars) due to the location of Grupo Antolin.

The purpose of this study is to estimate the potential economic and fiscal benefits to Michigan of Grupo Antolin NA establishing a new manufacturing facility to supply interior trim components and systems to the automotive industry in an existing building in Marlette, Michigan (SIC 3714). Investment activity would take place between 2004 and 2008, with an investment of \$9.56 million. The facility would employ an additional 214 people by 2007.

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 2004 to 2013, are shown in the attached table. The MEGA incentive package includes relief from 100 percent of the single business tax for the period 2004 to 2006; it also includes a tax credit to the company for the period 2004 to 2013 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 14 jobs in 2004, 12 jobs in 2005, 8 jobs in 2006, 2 jobs in 2007, and 21 jobs in 2008; almost all of these jobs are temporary. In 2009, the first year of full operations without investment activity, an additional 584 jobs are generated in the state. We estimate that by 2013, this location will have generated a total of 566 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 2.7 over the period 2009 to 2013. 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 Grupo Antolin were to locate its operations to Michigan under the incentive program, state personal income in 2009 would be higher by \$49.8 million (in current dollars) than it would be without the location, and in 2013 it would be \$55.7 million higher. Adjusted for inflation, these numbers in 2002 dollars would be \$35.3 million in 2009 and \$37.3 million in 2013.

The gain in economic activity results in higher state government revenues. We estimate that in 2009, the first year of full operations without investment activity, the new facility would generate \$3,830,000 in additional gross state government revenue, and that the MEGA package would provide a \$263,000 incentive to Grupo Antolin. Thus, the Grupo Antolin location would increase state government revenues in 2009 by \$3,567,000, net of MEGA incentive costs.

Over the period 2004 to 2013, gross state government revenue is projected to increase by \$36,081,000 (in current dollars) due to the location of Grupo Antolin. The MEGA incentive package for Grupo Antolin is forecast to cost \$2,919,000 over the period, resulting in a net increase in state government revenue of \$33,162,000. Adjusted for inflation, the total net increase in state government revenue from 2004 to 2013 would be \$23,818,000 in 2002 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 Grupo Antolin NA Facility Location
Net Benefits with the Incentive Package**

Economic/Fiscal Indicator	2004	2005	2006	2007	2008	2009	2010	2013	Total 2004-2013
Total Employment	369	681	658	631	606	584	574	566	—
Manufacturing	142	260	253	246	239	234	232	230	—
Nonmanufacturing	227	421	405	385	367	350	342	336	—
Retail Trade	56	102	96	91	86	81	79	76	—
Services	82	149	137	127	117	109	105	105	—
Other	89	170	172	167	164	160	158	155	—
In current dollars (thousands):									
Personal income	21,400	42,800	45,900	47,700	48,800	49,800	51,000	55,700	469,200
Gross state revenue	1,646	3,291	3,530	3,668	3,753	3,830	3,922	4,283	36,081
MEGA cost	171	382	411	243	251	263	277	324	2,919
State revenue net of MEGA cost*	1,475	2,909	3,119	3,425	3,502	3,567	3,645	3,959	33,162
Adjusted for inflation (thousands of 2002 dollars):									
Personal income	17,465	33,728	34,606	35,226	35,190	35,276	35,740	37,341	337,258
Gross state revenue	1,343	2,594	2,661	2,709	2,706	2,713	2,749	2,872	25,935
MEGA cost	140	301	310	179	181	186	194	217	2,117
State revenue net of MEGA cost*	1,203	2,293	2,351	2,530	2,525	2,527	2,555	2,655	23,818

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

**Fiscal Effects on Michigan of the Grupo Antolin NA Facility Location
Net Benefits with the Incentive Package**

Year	Gross State Revenue	MEGA Cost	State Revenue Net of MEGA Cost
	(In thousands of current dollars)		
2004	1,646	171	1,475
2005	3,291	382	2,909
2006	3,530	411	3,119
2007	3,668	243	3,425
2008	3,753	251	3,502
2009	3,830	263	3,567
2010	3,922	277	3,645
2011	4,022	291	3,731
2012	4,137	307	3,830
2013	4,283	324	3,959