

HandyLab

Economic and Fiscal Effects on Michigan - Net Benefits with the Incentive Package

Economic/Fiscal Indicator	2007	2008	2009	2010	2011	2012	2013	Total
Total Employment	26	75	98	110	136	136	138	
Manufacturing	11	33	43	48	60	59	59	
Non-Manufacturing	15	42	55	62	76	77	79	
Retail Trade	3	8	10	11	14	14	14	
Services	8	22	29	31	38	39	39	
Other	4	12	16	20	24	24	26	
In Current Dollars (Thousands):								
Personal Income	\$1,617	\$4,700	\$6,500	\$7,538	\$9,766	\$10,440	\$11,110	\$51,671
Gross State Revenue	125	362	501	580	752	804	855	3,979
Mega Cost	25	76	97	108	139	145	152	742
State Revenue Net of MEGA Cost*	\$100	\$286	\$404	\$472	\$613	\$659	\$703	\$3,237
Adjusted for Inflation (Thousands of 2007 Dollars):								
Personal Income	\$1,617	\$4,589	\$6,166	\$6,951	\$8,761	\$9,118	\$9,454	\$46,656
Gross State Revenue	125	353	475	535	675	702	728	3,593
Mega Cost	25	74	92	100	125	127	129	672
State Revenue Net of MEGA Cost*	\$100	\$279	\$383	\$435	\$550	\$575	\$599	\$2,921

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

REMI Terms and Definitions

Benefits estimated by the model: the total number of jobs created in Michigan (by major industry, including spin-off jobs), and the associated personal income and state government revenue generated due to the gain in economic activity resulting from the project.

Direct jobs: the jobs created at the project facility itself, as estimated at the end of the incentive period.

Employment multiplier: the total number of jobs created (direct plus spin-off) for every direct job introduced constitutes the employment multiplier. The numerator of the employment multiplier equals the number of jobs (direct and spin-off) created on average over the incentive period when the facility is at full operations. The denominator of the employment multiplier represents the direct jobs created 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 created 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.