

**SDK L.P. Facility Expansion
Summary Estimates (2006–17)**

(All monetary estimates in 2006 dollars)

TOTAL JOBS CREATED (as of 2017)	847
Direct	400
Spin-off (includes indirect jobs)	447
NET POSITIVE STATE REVENUE IMPACT	\$13,933,000
Revenue foregone	\$3,295,000
Revenue gain	\$17,228,000
Personal income generated over life of MEGA agreement	\$244,339,000
Statewide employment multiplier (average, 2012–17)	2.1
Average weekly wage of direct jobs (as reported by the company at time of application)	\$554

**The Economic Effects on Michigan of
the SDK L.P. Facility Expansion Decision**

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

**University of Michigan
July 19, 2006**

**Economic and Fiscal Effects on Michigan of the SDK L.P. Facility Expansion
Net Benefits with the Incentive Package**

Economic/Fiscal Indicator	2006	2007	2008	2009	2010	2011	2012	2015	2017	Total 2006-2017
Total employment	103	181	241	322	406	446	798	832	847	—
Manufacturing	54	74	141	188	235	256	466	466	467	—
Nonmanufacturing	49	107	100	134	171	190	332	366	380	—
Retail trade	7	14	14	18	22	24	40	41	41	—
Services	23	41	52	70	87	96	174	182	187	—
Other	19	52	34	46	62	70	118	143	152	—
In current dollars (thousands):										
Personal income	4,000	7,000	9,000	12,000	17,000	20,000	35,000	45,000	51,000	327,000
Gross state revenue	282	494	635	846	1,199	1,410	2,468	3,173	3,596	23,057
MEGA cost	0	0	135	186	233	257	468	534	588	3,961
State revenue net of MEGA cost*	282	494	500	660	966	1,153	2,000	2,639	3,008	19,096
Adjusted for inflation (thousands of 2006 dollars):										
Personal income	4,000	6,857	8,594	11,167	12,050	14,314	26,770	32,532	35,328	244,339
Gross state revenue	282	483	606	787	850	1,009	1,888	2,294	2,491	17,228
MEGA cost	0	0	126	170	208	224	400	432	459	3,295
State revenue net of MEGA cost*	282	483	480	617	642	785	1,488	1,862	2,032	13,933

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

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.