



# MICHIGAN ECONOMIC DEVELOPMENT CORPORATION

## RETENTION OF MICHIGAN'S AUTO INDUSTRY

# The MEDC

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- **State – Local Partnership**
- **Public Corporation**
- **Will be Linked with new Department of Labor and Economic Growth**
- **Ranked Top Economic Development Organization in U.S.**



# Michigan Business Development

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- **Account Managers meet with more than 5,200 Michigan companies annually and deliver customized services to 3,200 companies**
- **Uncover potential for investment and provide expansion services**
- **Work with local developers to retain companies and encourage expansions.**



# Michigan Automotive Partnership Roundtable

- Act as an advisory group to MEDC on auto issues
- Chaired by Dr. David Cole of CAR
- Do directed research on current issues and opportunities:
  - Michigan Automotive R&D Directory
  - Fuel Cell Report
  - Study of Auto Industry's Importance to Michigan



# Advanced Manufacturing Roundtable

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- **Act as an advisory council to MEDC**
- **Help the MEDC address the image of manufacturing and its importance**
- **Collaborate across industry sectors**
- **Provides recommendations for state and federal actions to support manufacturing**



# Michigan Manufacturing Technology Center (MMTC)

- **State funding of \$1.5 million per year**
- **Direct technical assistance to small and medium size manufacturers**
  - **Lean manufacturing & continuous improvement**
  - **Quality systems**
  - **ISO training**
  - **Information technology & e-commerce**



# MMTC (continued)

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- **Performance Benchmarking Service**
- **Regional Affiliates such as the Right Place Program deliver similar services**



# NEXTENERGY

- **Positions Michigan as the world's leading center for alternative energy technology, R&D, education and manufacturing**
  - **Business Accelerator**
  - **Tax-free “cash back” zone**
  - **Exemption from tax on alternative energy products**
  - **Statewide SBT and personal property tax exemption**





# MICHIGAN'S PUBLIC EDUCATION SUPPORT

- Among top five states in per pupil resources
- 173 charter schools, 14 industry-led trade academies
- 29 community colleges, 15 four-year public universities, more than 50 independent colleges, universities, institutes and the Michigan Virtual University
- Over 6,500 engineering graduates a year, ranking Michigan third in the nation.



# TRAINING SUPPORT

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- **29 Community College in Michigan**
- **18 M-Tec's**
- **\$26 million of Economic Development Job Training Funds over past 5 years for Big 3 training support**
- **Federal Workforce Investment Act flows through 25 Michigan Works! offices**



# COMPLETE SUPPLY CHAIN

- North America's most complete supply chain of transportation equipment suppliers and service companies are in Michigan
- Advantages over other regions
- Skilled and experienced companies offer immediate services
- All of this is “taken for granted”, but we need to put a monetary value on this.



# RESEARCH / DEVELOPMENT / TECH CENTERS

- Michigan hosts 85 percent of U.S. Vehicle-Related R&D Activity
- Michigan is #1 state in per capita private R&D investment
- \$13.5 billion annual R&D spending supports 65,000 employees
- All of Big 3 have R&D centers plus Toyota, Nissan and Hyundai
- Tier One centers include Delphi, Visteon, Lear, JCI, Bosch, Denso, Siemens.



# STATE AND LOCAL BUSINESS INCENTIVES

- **Partial and total property tax abatement for new investment**
- **Property tax exemptions for inventory, short lived tooling and pollution control equipment**
- **Job training grants**
- **Single Business Tax Credits**
  - **New job creation MEGA**
  - **Retained job MEGA**
  - **High technology MEGA**
  - **Brownfield**



# STATE AND LOCAL BUSINESS INCENTIVES (cont.)

- Tax increment financing
- Public infrastructure grants



# SOME RECENT SUCCESSES

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- **GM's Lansing Grand River plant built on a brownfield in the city**
- **1,500 retained jobs with \$500 million investment**
- **Job Retention MEGA, Property Tax Abatement, Public Infrastructure, Job Training = \$169 million**



# SOME RECENT SUCCESSES

(cont.)

- Compared to University of Michigan's REMI forecast of \$27 billion of new personal income and \$2.1 billion net new state revenue over 20 year term of incentives
- State tax expenditure of \$108 million returns \$2.1 billion state revenue or \$1 of state tax incentives returns \$19 of state revenue.





# ANOTHER SUCCESS

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- **Ford's Heritage project at historic Rouge Complex in Dearborn**
- **3,800 retained jobs with \$1 billion investment**
- **Job Retention MEGA, SBT Brownfield Credit, Property Tax Abatement, Public Infrastructure and Job Training = \$222 million**



# ANOTHER SUCCESS (cont.)

- Compared to University of Michigan's REMI forecast of \$17.8 billion of new personal income and \$1.32 billion new state revenue over 20 year term of incentives
- State tax expenditure of \$156 million returns \$1.32 billion state revenue or \$1 of state tax incentive returns \$8.46 of state revenue.



# ANOTHER SUCCESS

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- **DCX, Hyundai, Mitsubishi J-V's Global Engine Alliance selected Dundee, Michigan in south central Monroe County**
- **400 new jobs with \$374.9 million investment**
- **Job Creation MEGA, Property Tax Abatement, Public Infrastructure and Job Training = \$55 million.**



# ANOTHER SUCCESS (cont.)

- Compared to University of Michigan's REMI forecast of \$1.18 billion of new personal income and \$76.1 million of new state revenue
- State tax expenditure of \$26.8 million returns \$76.1 million state revenue or \$1 of state tax incentives returns \$2.84 of state revenue.



# ANOTHER SUCCESS

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- **Hyundai's North American Technical Center in Superior Township (Ann Arbor)**
- **400 new jobs with \$117.3 million investment**
- **High Technology MEGA and Property Tax Abatement = \$28.7 million**



# ANOTHER SUCCESS (cont.)

- Compared to University of Michigan's REMI forecast of \$1.34 billion of new personal income and \$103 million of new state revenue
- State tax expenditure of \$22.2 million return \$103 million or \$1 of state incentives returns \$4.64 of state revenue.



# STATE CHALLENGES

- **Future of Big 3?**
- **Global outsourcing and continued decline of industrial infrastructure**
- **Improve timeliness of environmental permitting**
- **Health care system and cost**
- **Continuous improvement of state business climate**
- **State revenue and budget issues**
- **State-of-the-Art business incentives**
- **Global competition for automotive plants.**

