



Managing Economic Development in Times of Fiscal Uncertainty



Session #1: Fiscal Distress and Economic Development

Moderator: *Alicia Berg, Columbia College Chicago*

Panelists: *Mitch Bean, Great Lakes Economic Consulting*
The Honorable Tom Tait, City of Anaheim, California



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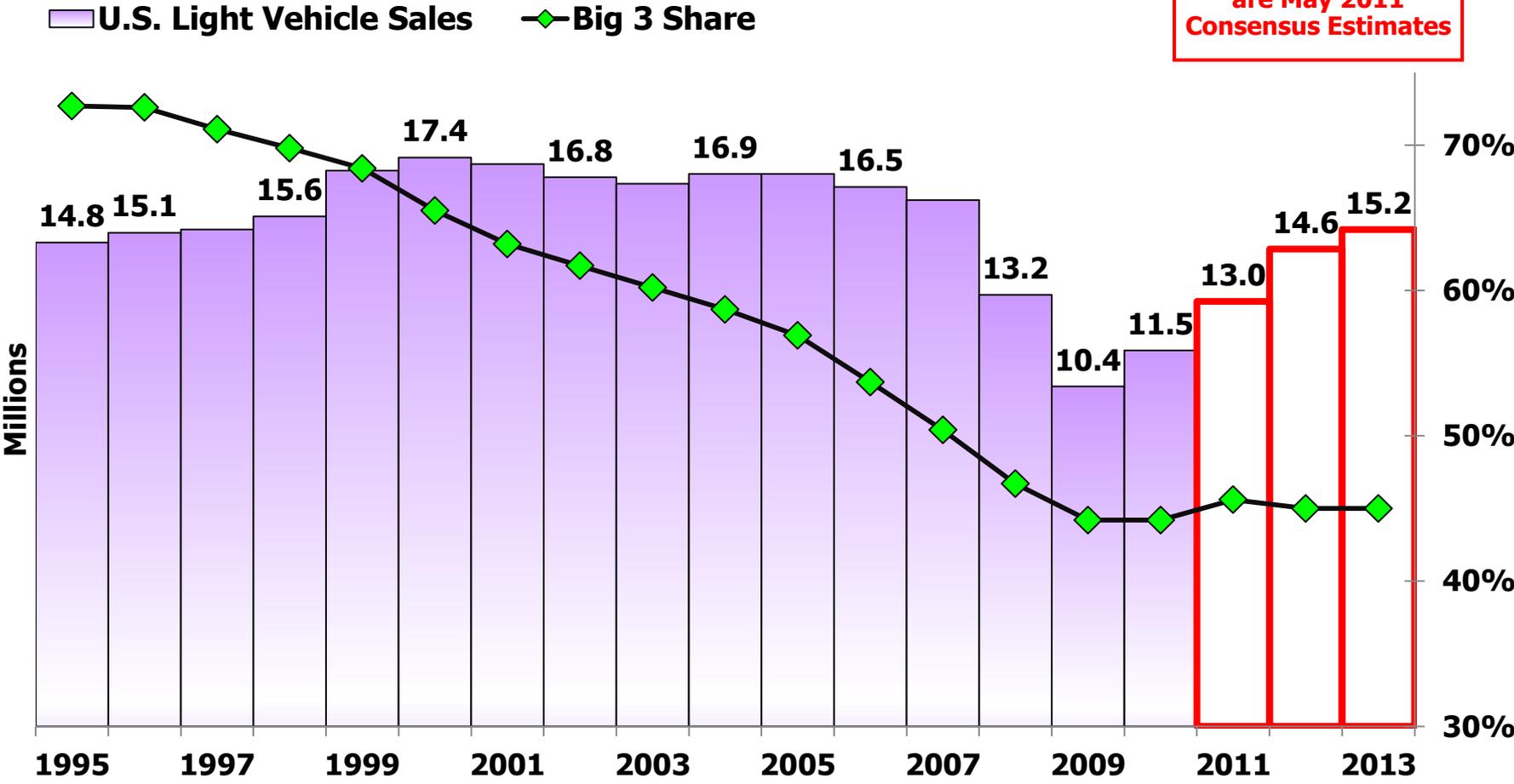
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Michigan's 10-Year Recession

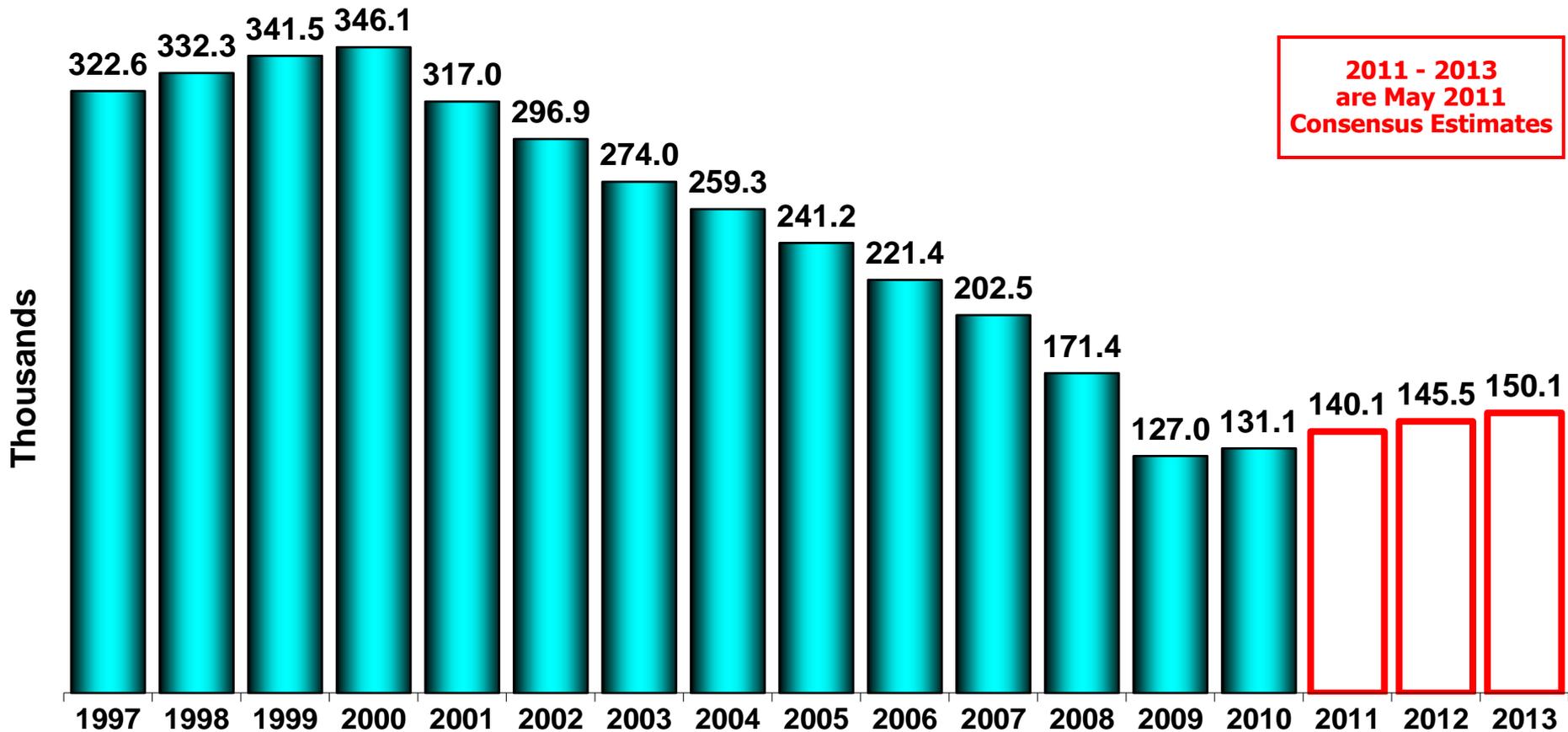
Federal Reserve Bank of Chicago: April 4th, 2013

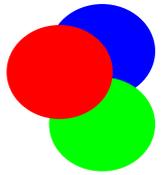
Sales Up; Big 3 Market Share Stabilizes



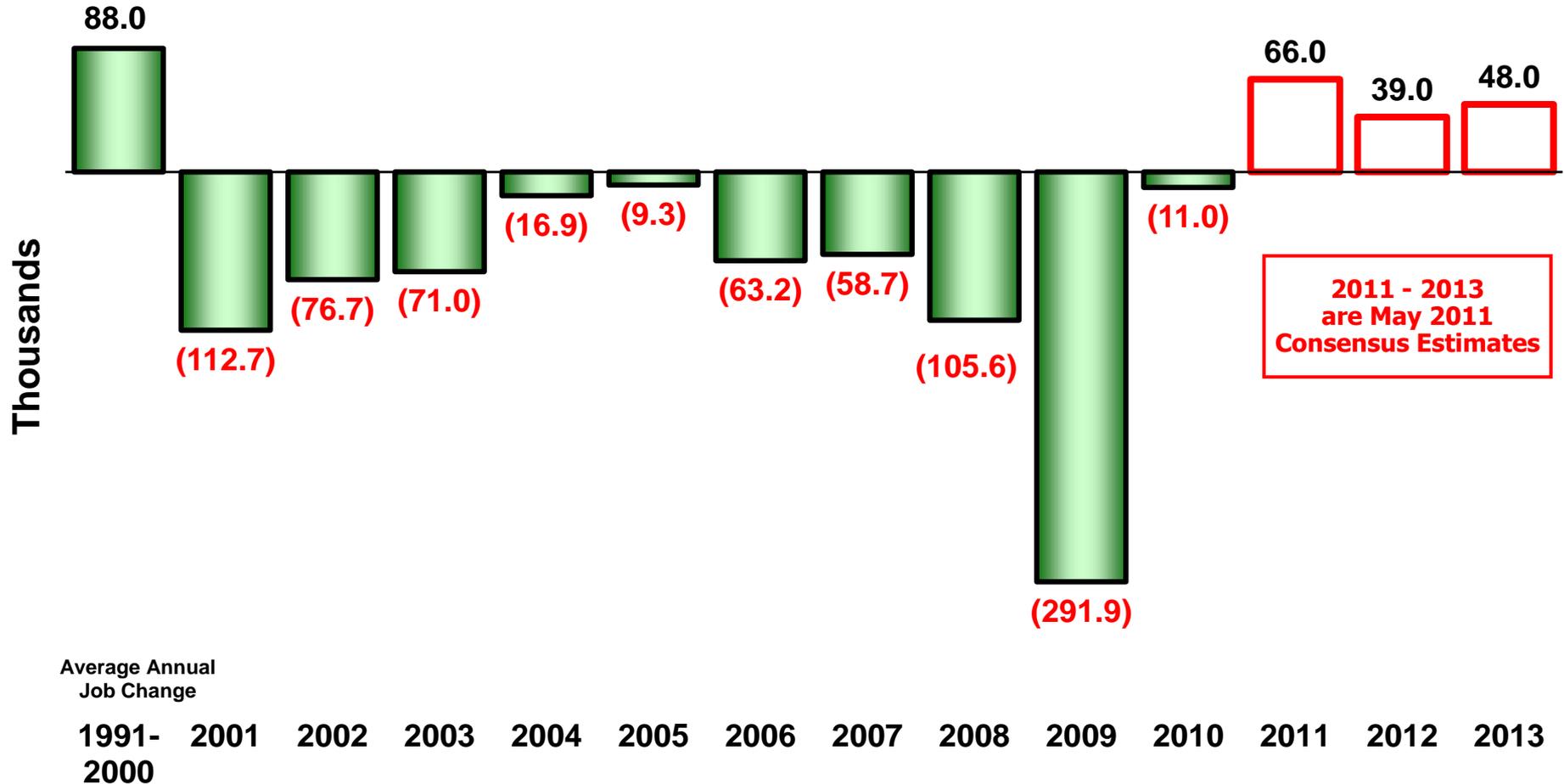
Source: *Automotive News* and May 2011 Consensus Estimates

Michigan Vehicle Employment

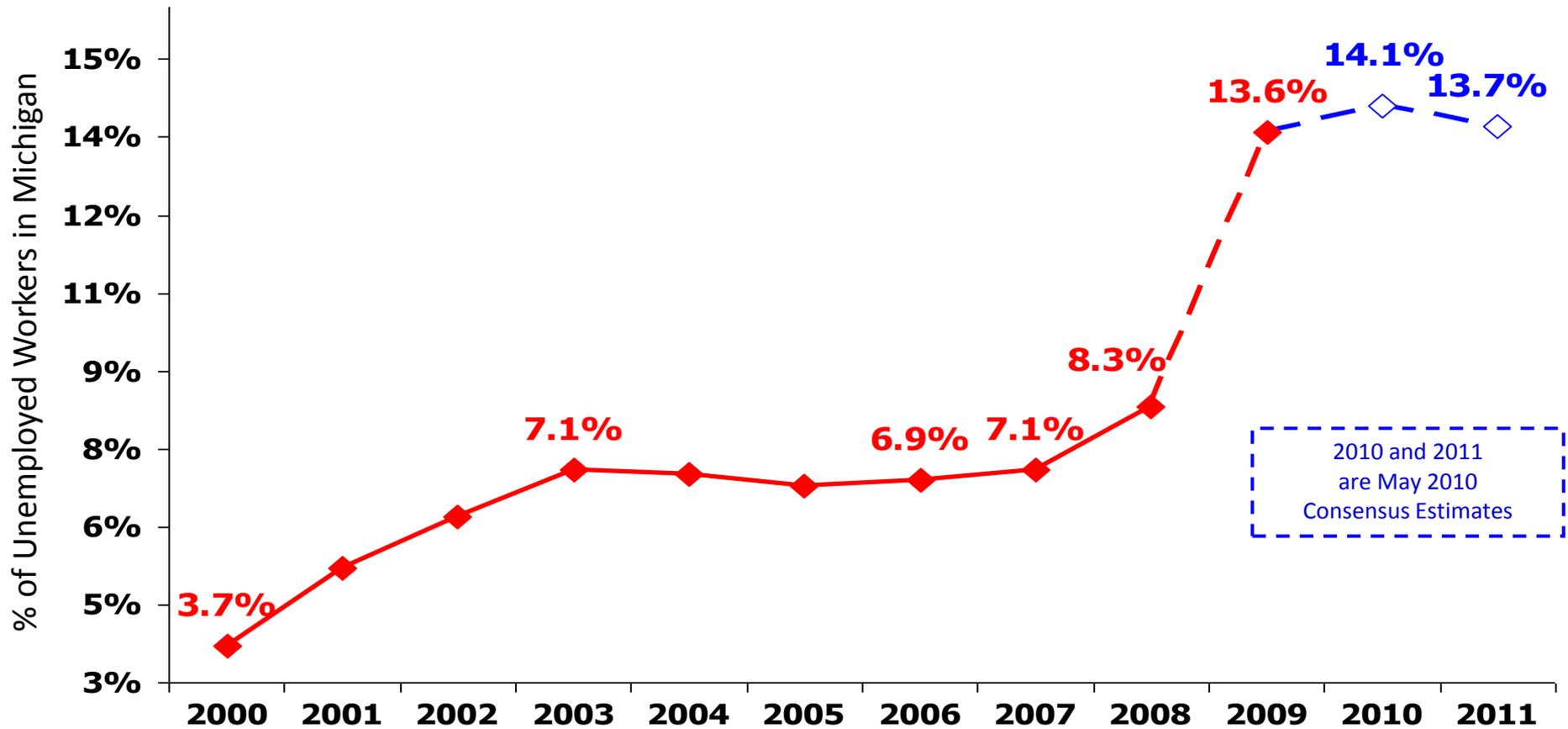




Job Change in Michigan



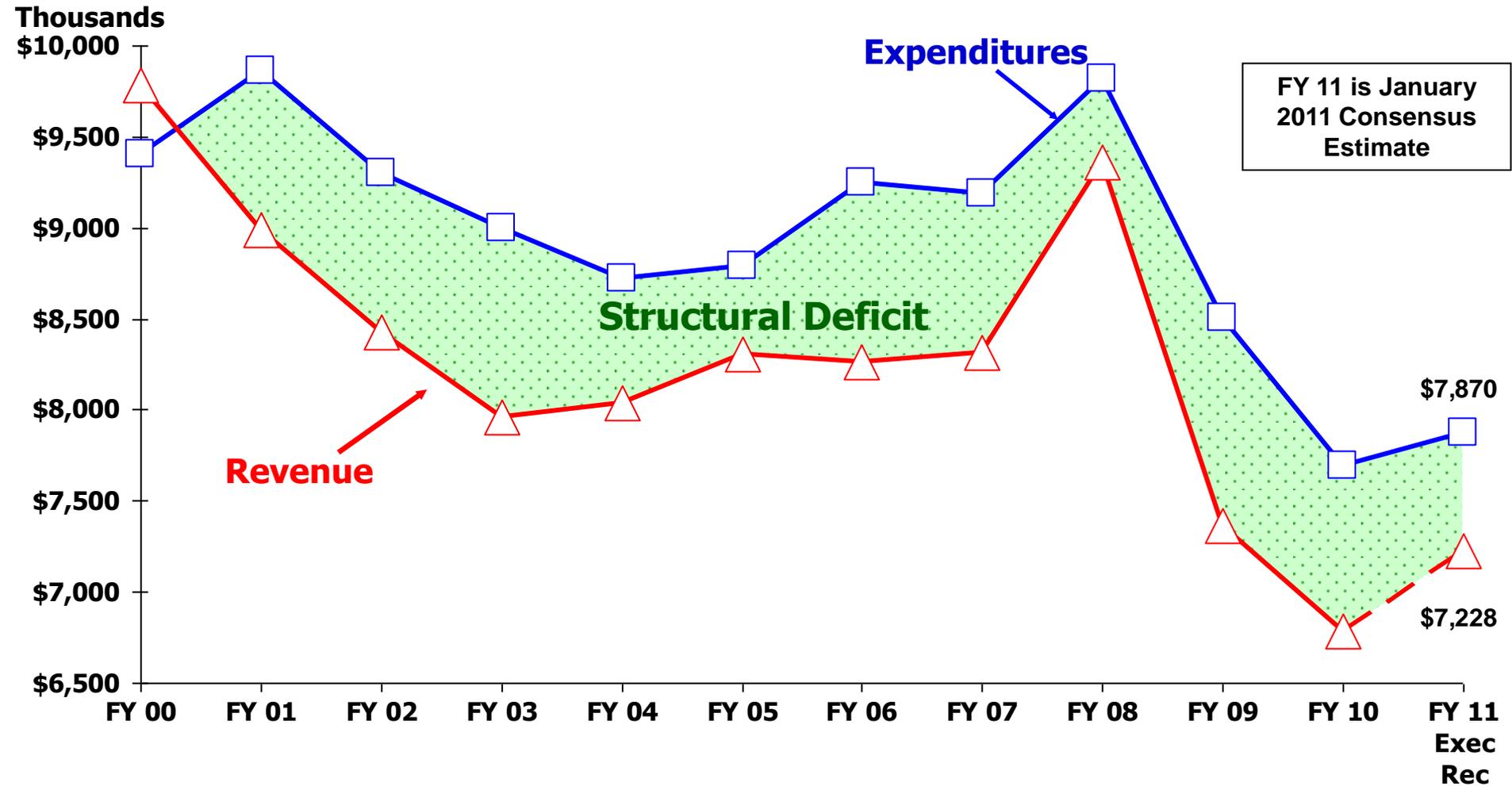
Michigan Unemployment Rate



Structural Problems Began in Earnest in 2001

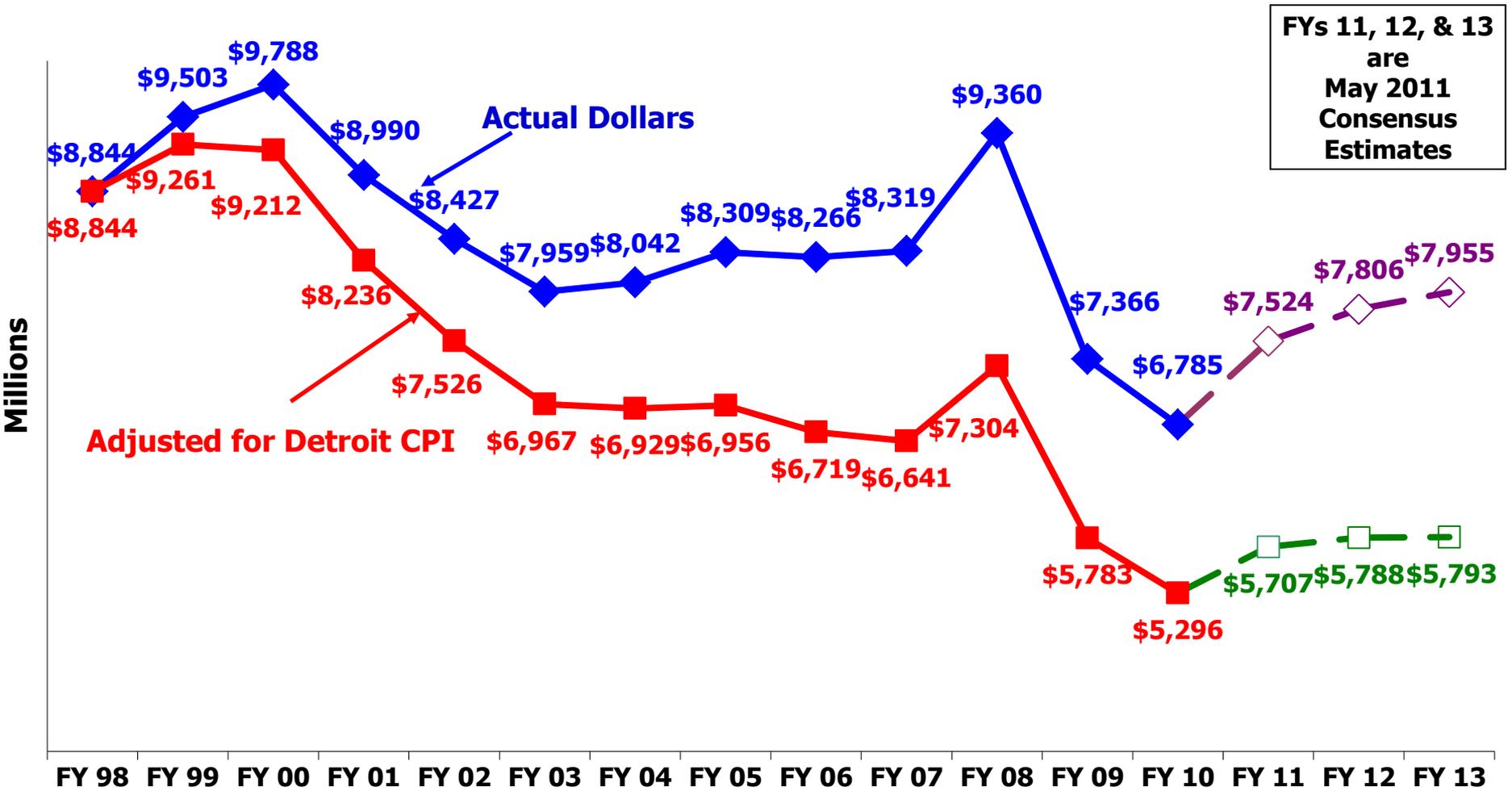
<u>Funding Source</u>	<u>\$ Amount in Millions</u>
■ Withdrawn from the BSF	\$1,264.0
■ SAF surplus	\$870.0
■ One-time revenue from changing SET collection dates	\$454.0
■ Other one-time revenue from various fund shifts and property sales	\$689.0
Total One-Time Revenue June 2001 to December 2002	\$3,277.0

GF/GP Revenue and Expenditures



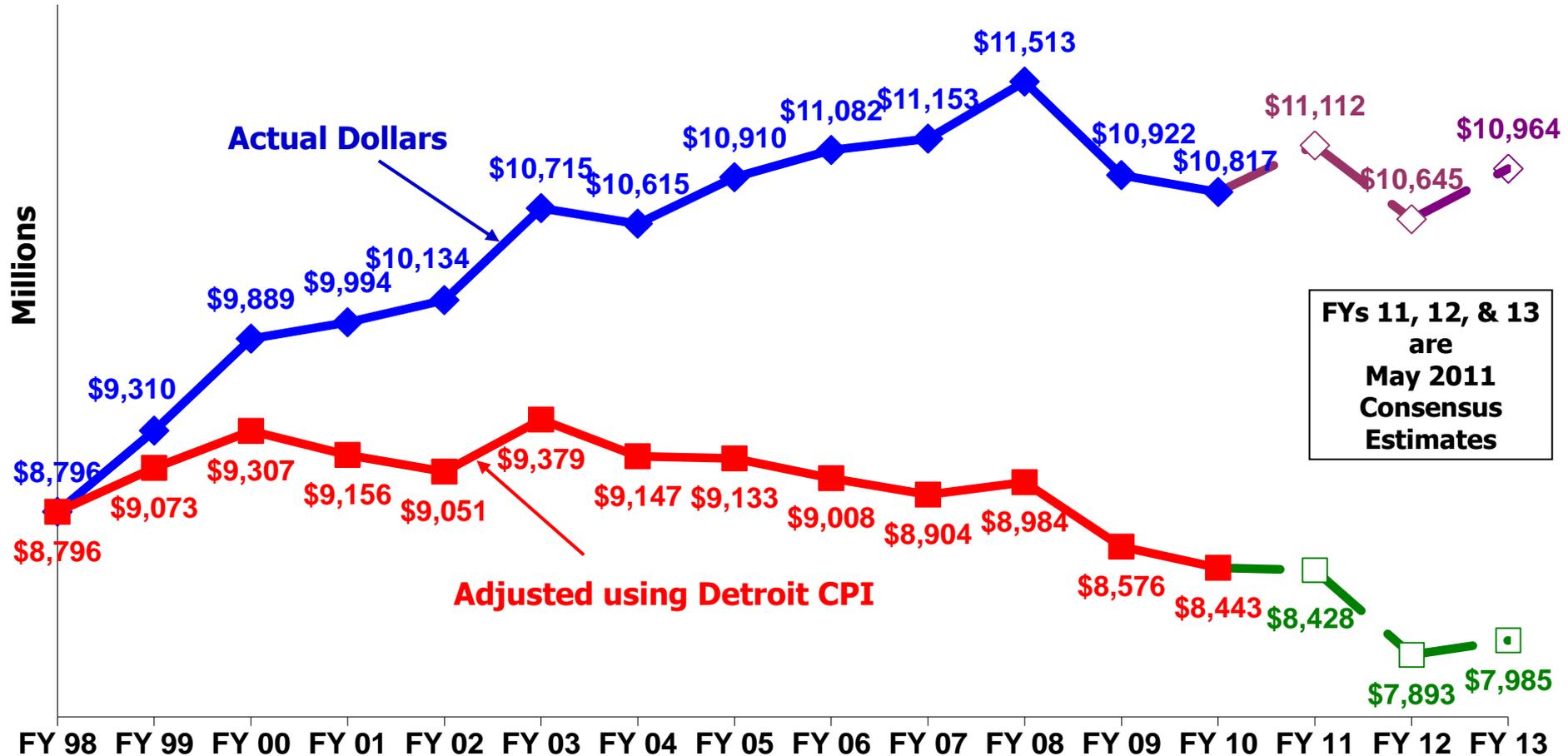
Inflation Adjusted GF/GP Revenue Down 40% Since FY 2000

FYs 11, 12, & 13
are
May 2011
Consensus
Estimates



Note: Consensus estimates adjusted to include the tax plan.

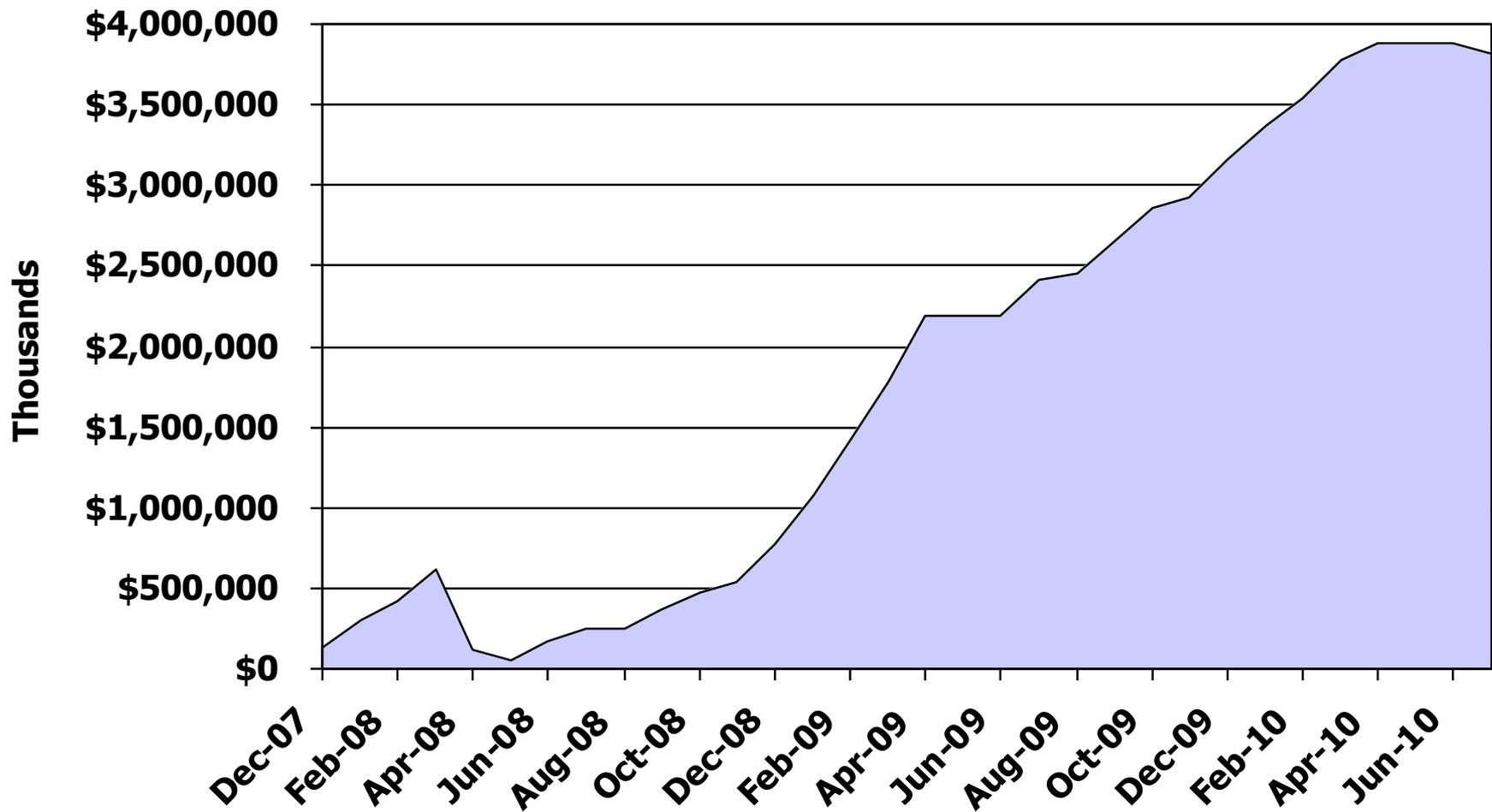
Inflation Adjusted SAF Net Revenue Down 8.7% Since FY 2000



Note: Consensus estimates adjusted to include the tax plan.

Monthly Outstanding Title 12 Advances

December 2007 - July 2010



Michigan Business Tax History

- Corporate Franchise Fee: 1921 – 1957
- BAT a modified “subtractive” VAT: 1957 – 1967
- Business income Tax and Financial Institutions Tax 1967 – 1975
- Single Business Tax 1975 – 2007
- Michigan Business Tax 2007 – 2012
- Corporate Income Tax 2012 - ?