

THE SOAR FUND: A TOOL FOR SECURING TEAM MICHIGAN'S FUTURE

**Quentin L. Messer, Jr.
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ENSURING MICHIGAN CAN WIN BIG AND WIN CONSISTENTLY

+\$1B
In Investment

+1,000
Job Creation

Michigan witnessed an unprecedented amount of interest in very large economic development opportunities in 2021.

These opportunities proved to be:

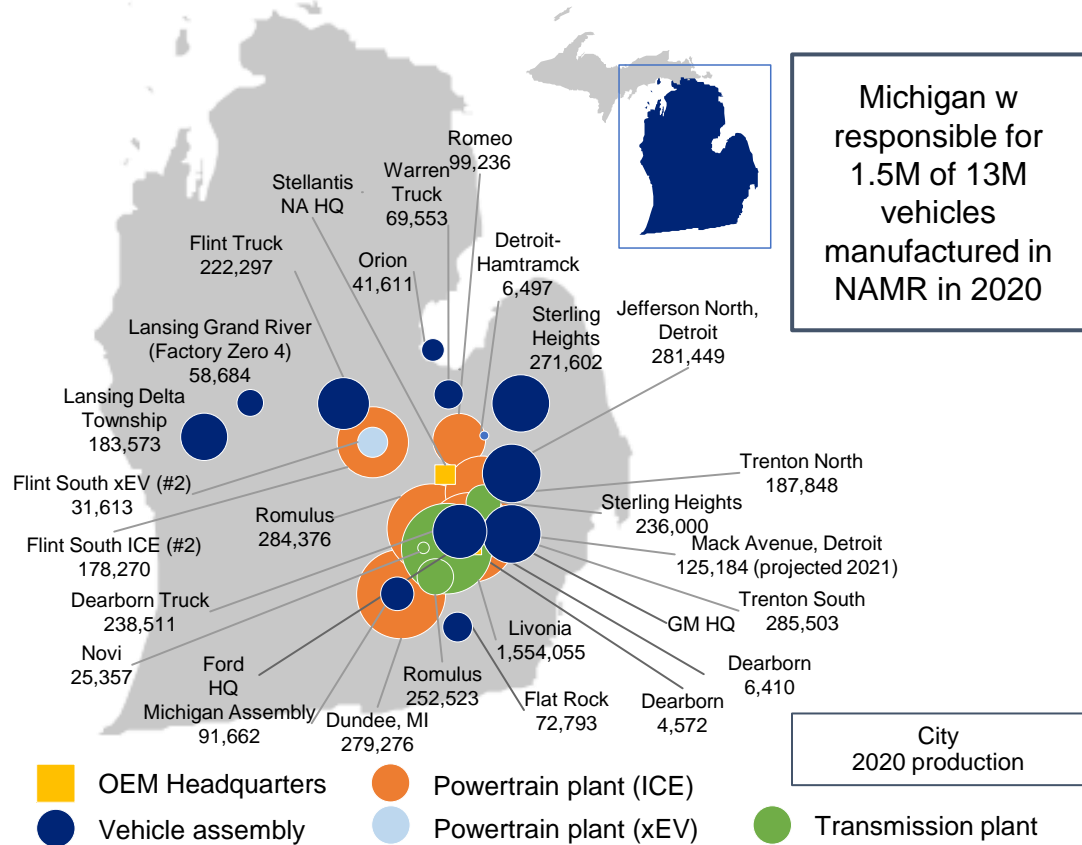
- Vital in transitioning the state's economy
- Incredibly difficult, if not impossible, to secure with the previous size and scope of Michigan's economic toolkit.

Time is of the essence for Michigan to make strategic investments by building the tools that will secure transformational projects in the state.

Team Michigan must choose to lead the charge on the 21st Century's growing electric vehicle industry or cede those generational investments to its competitors.

TODAY, MI IS THE LARGEST AUTO MANUFACTURING STATE IN NAMR WITH 12% OF PRODUCTION & 3 OEM HQS

Major OEM Manufacturing and HQ Sites



In addition to major light vehicle production sites, 96 of 100 top auto suppliers are active in the state with thousands of manufacturing, testing and R&D sites and commercial vehicle players as well

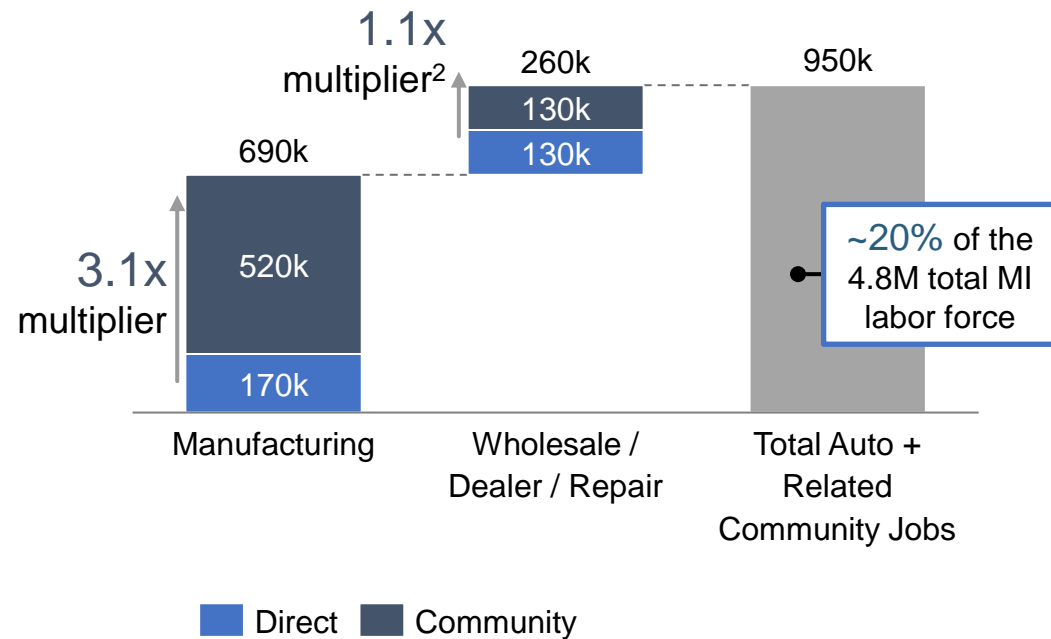
1. xEV = PHEV, HEV, MHEV

Source: IHS Markit, <https://www.detroitchamber.com/the-auto-industry-in-Michigan>, Why Electric Cars Can't Come Fast Enough, BCG 2021 Publication; BCG Analysis

HUNDREDS OF THOUSANDS OF JOBS AT STAKE WITH THE TRANSITION TO EV

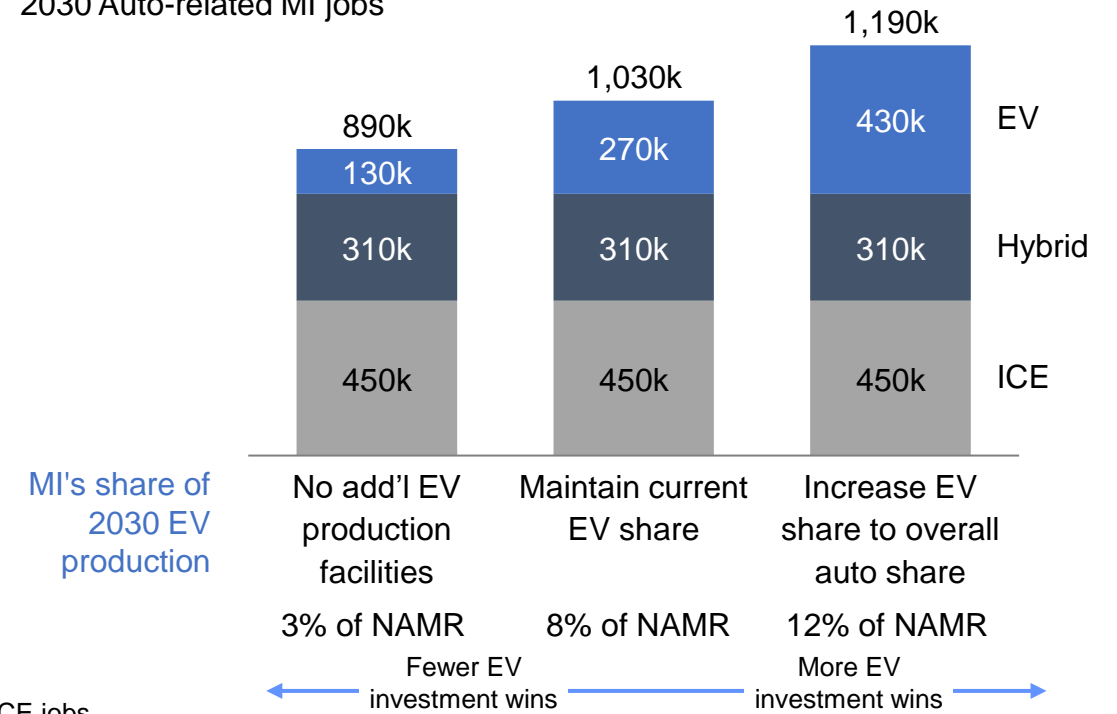
Auto industry creates ~20% of Michigan's total jobs

Auto-related MI jobs
2019 actuals



Over 300k MI EV jobs at stake in the next decade based on Michigan's share¹

Potential scenarios of EV investment success
2030 Auto-related MI jobs



All scenarios assumed same growth of hybrid and ICE jobs

1. Based on projected EV growth in overall demand/sales; MI could become a marginal EV player and lose EV market share with a growing overall market, maintain current market share or capture share at higher rate 2. Weighted average multiplier: MI multiplier for wholesalers-1.9, MI multiplier for auto retailers-0.8, MI multiplier for repairs and maintenance-0.6
Source: 2019 Annual Survey of Manufacturers; 2017 Economic Census; Bureau of Labor Statistics; IHS Markit; EV Tier-1 2021 Report; Bureau of Economic Analysis (RIMS II)

CASE STUDY: EV BATTERY INDUSTRY IMPACTS

Sales / Output Multiplier = 2.0



\$1 in automotive electrical equipment manufacturing sales = an additional \$1 in supply chain and local economy output⁷

Jobs Multiplier = 2.5



Every 1 direct automotive electronic equipment manufacturing job = an additional 2.7 supply chain or local communities jobs created⁷

Population Multiplier = 3.5



Every 100 direct jobs added to Michigan's automotive electrical equipment industry could result in a population change of 350⁷

Income Multiplier = 1.5



\$1 in automotive electrical equipment industry earnings = an additional \$0.50 in income supporting the supply chain and local communities⁷

Employment impact (based on increased income/spending) in local communities from the automotive electrical equipment industry:⁷

Retail: 23%

Finance, Insurance and Real Estate: 10%

Healthcare: 18%

Food Services: 13%

Personal Services: 14%

Entertainment, Recreation and Tourism: 5%

Other: 17%



Michigan supports 33% of U.S. battery production and development, and is ranked 5th in the U.S. for employment in related industries.

CASE STUDY: SEMICONDUCTOR INDUSTRY IMPACTS

Sales / Output Multiplier = 2.5



\$1 in Semiconductor Sales = an additional \$1.50 in supply chain and local economy output⁷

Jobs Multiplier = 2.5



Every 1 direct semiconductor job = an additional 1.5 supply chain or local communities jobs created⁷

Population Multiplier = 1.5



Every 100 direct jobs added to Michigan's semiconductor industry could result in a population change of 150⁷

Income Multiplier = 1.5



\$1 in semiconductor industry earnings = an additional \$0.50 in income supporting the supply chain and local communities⁷

After investments are made in the Semiconductor industry in Michigan, these numbers are projected to grow significantly. For example: Job Multiplier has the potential to range from 3.5-5.5, meaning:

Every 1 direct semiconductor job could equal an additional 2.5 to 4.5 jobs created in the supply chain or local community.

Employment impact (based on increased income/spending) in local communities from the semiconductor industry:⁷

Retail: 24%

Finance, Insurance and Real Estate: 9%

Healthcare: 19%

Food Services: 11%

Personal Services: 14%

Entertainment, Recreation and Tourism: 5%

Other: 18%



STRATEGIC OUTREACH AND ATTRACTION RESEARVE (SOAR):

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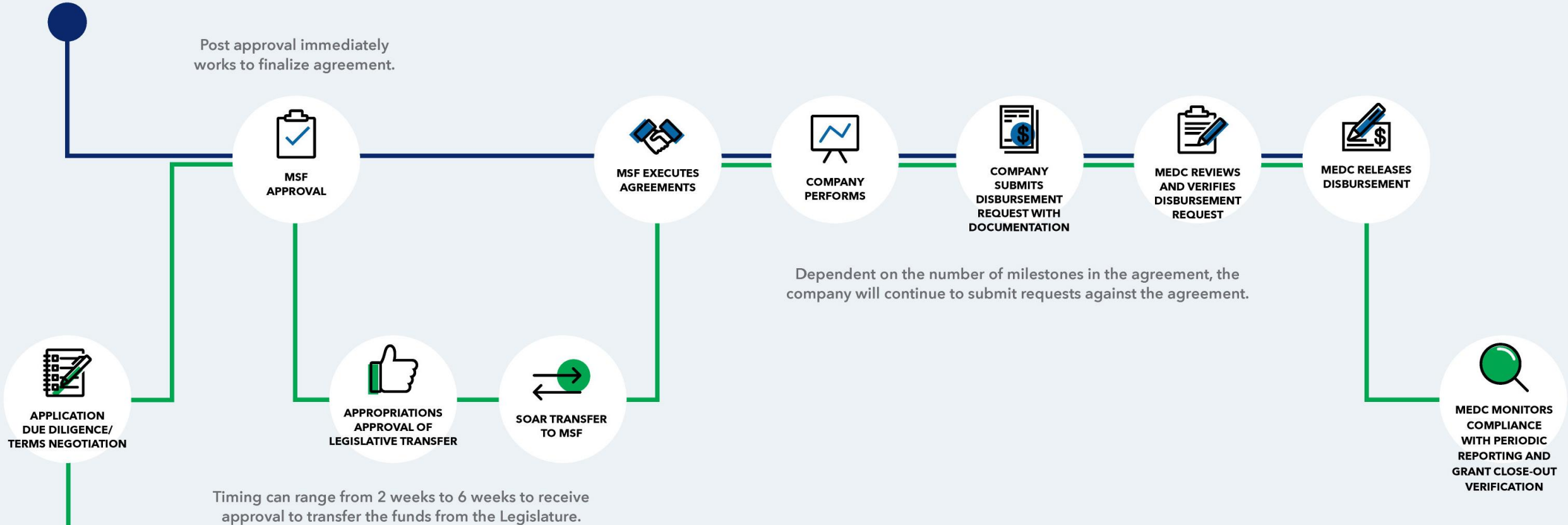


- Created under the Department of Labor and Economic Opportunity (LEO) as a reserve fund to hold assets and state appropriations.
- Money can only be expended from the Fund through the Legislative Transfer process, or an appropriation to the Critical Industry Program and/or the Strategic Site Readiness Program.
- After the MSF Board Meeting
 - Legislative Transfer Memo to the Senate and House Fiscal Agencies for review.
 - Transfer Request added to the Appropriations Subcommittee for Approval

MSF APPROVAL PROCESS

Traditional

Post approval immediately works to finalize agreement.



SOAR-related

KEY COMPONENTS OF SOAR AGREEMENTS

 **DISBURSEMENTS MADE ONLY WHEN ELIGIBLE EXPENSES OCCUR. DISBURSEMENTS TAKE PLACE QUARTERLY**

 **REPAYMENT PROCESS TRIGGERED IF A COMPANY FAILS TO MEET ITS JOB CREATION OR INVESTMENT COMMITMENTS**

 **LEGISLATIVE APPROVAL NEEDED PRIOR TO FINALIZED CONTRACT TO GUARANTEE FUNDING NECESSARY TO FUND THE GRANT REQUESTS**

 **CRITICAL INDUSTRY PROGRAM AWARDS THROUGH SOAR ARE MADE TO COMPANIES INVESTING IN THE STATE**

 **STRATEGIC SITE READINESS PROGRAM AWARDS THROUGH SOAR ARE MADE TO THE LOCAL ECONOMIC DEVELOPMENT ORGANIZATIONS OR LOCAL GOVERNMENTS**

THE JOURNEY TO GREATNESS: SETTING THE STAGE FOR BIG BETS

The SOAR Fund has already had a significant impact on the future of Michigan:

+\$13.2B

IN
INVESTMENT

+12,800

JOBS CREATED &
RETAINED

Forbes

GM Pouring \$7 Billion Into New EV Plants In Michigan



REUTERS

Ford to invest \$2 billion in Michigan, create 3,200 jobs



Novi's Our Next Energy to Invest \$1.6B in Van Buren Township Battery Factory

AREADEVELOPMENT

Hemlock Semiconductor Expands Thomas Township, Michigan, Operations



Chinese battery manufacturer to bring \$2.4B investment, up to 2,350 jobs to Big Rapids

SUPPORTING LARGE-SCALE PROJECTS SUPPORTS MICHIGAN'S SMALL BUSINESSES

Attracting transformational projects to the state helps drive success for small businesses by supporting **capital**, **management**, **customer** and **talent** needs both now and in the future.



THE TIME IS NOW.

**MICHIGANDERS ARE
COUNTING ON
TEAM MICHIGAN TO GET
THIS RIGHT.**



THANK YOU

Quentin L. Messer, Jr. | messerq@michigan.org
Chief Executive & Economic Competitiveness Officer,
Michigan Economic Development Corporation

225.235.4830 (personal mobile) | 517.881.5861 (work mobile)