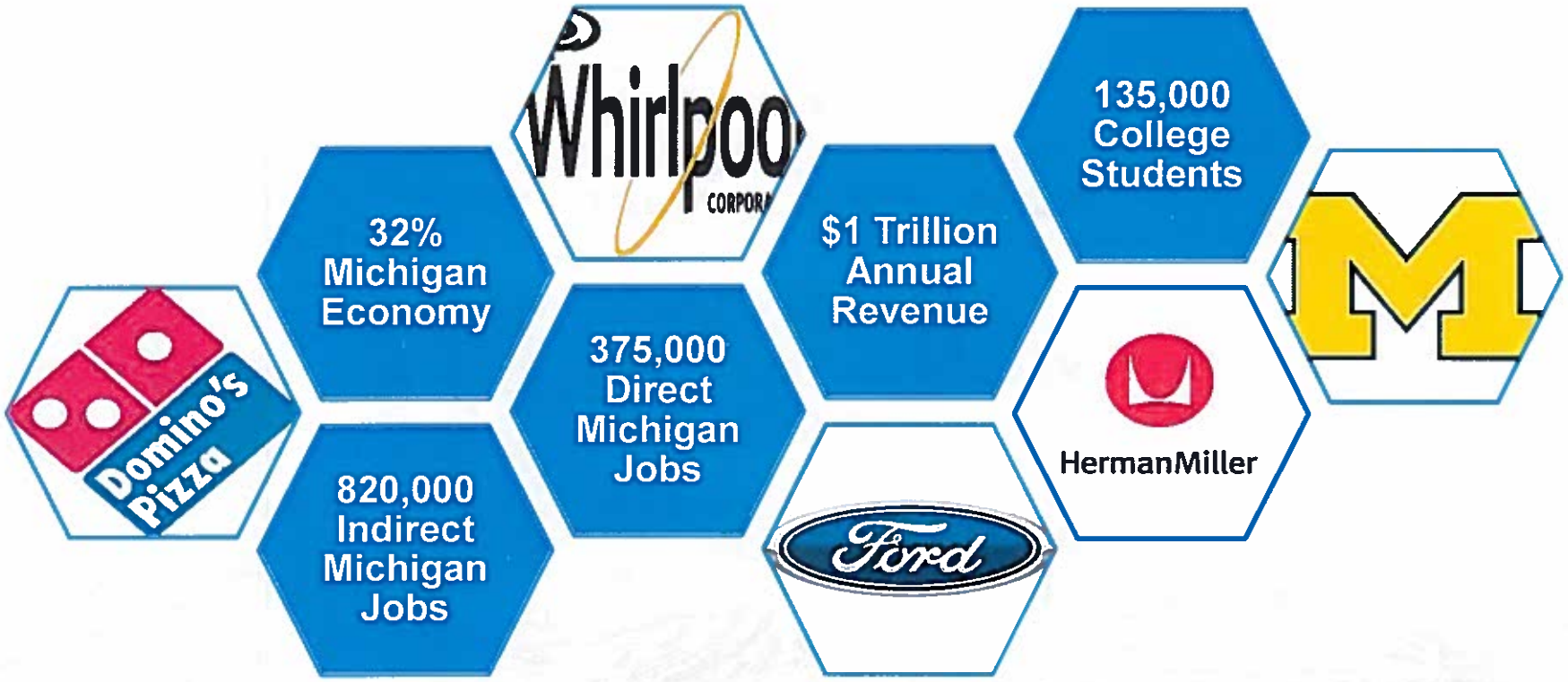
BUSINESS LEADERS FOR MICHIGAN

House Tax Policy Committee

June 14, 2017

Membership



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Mission

Jobs

Personal income

Healthy economy (GDP & Population)

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Outputs: Jobs
Unemployment Rate

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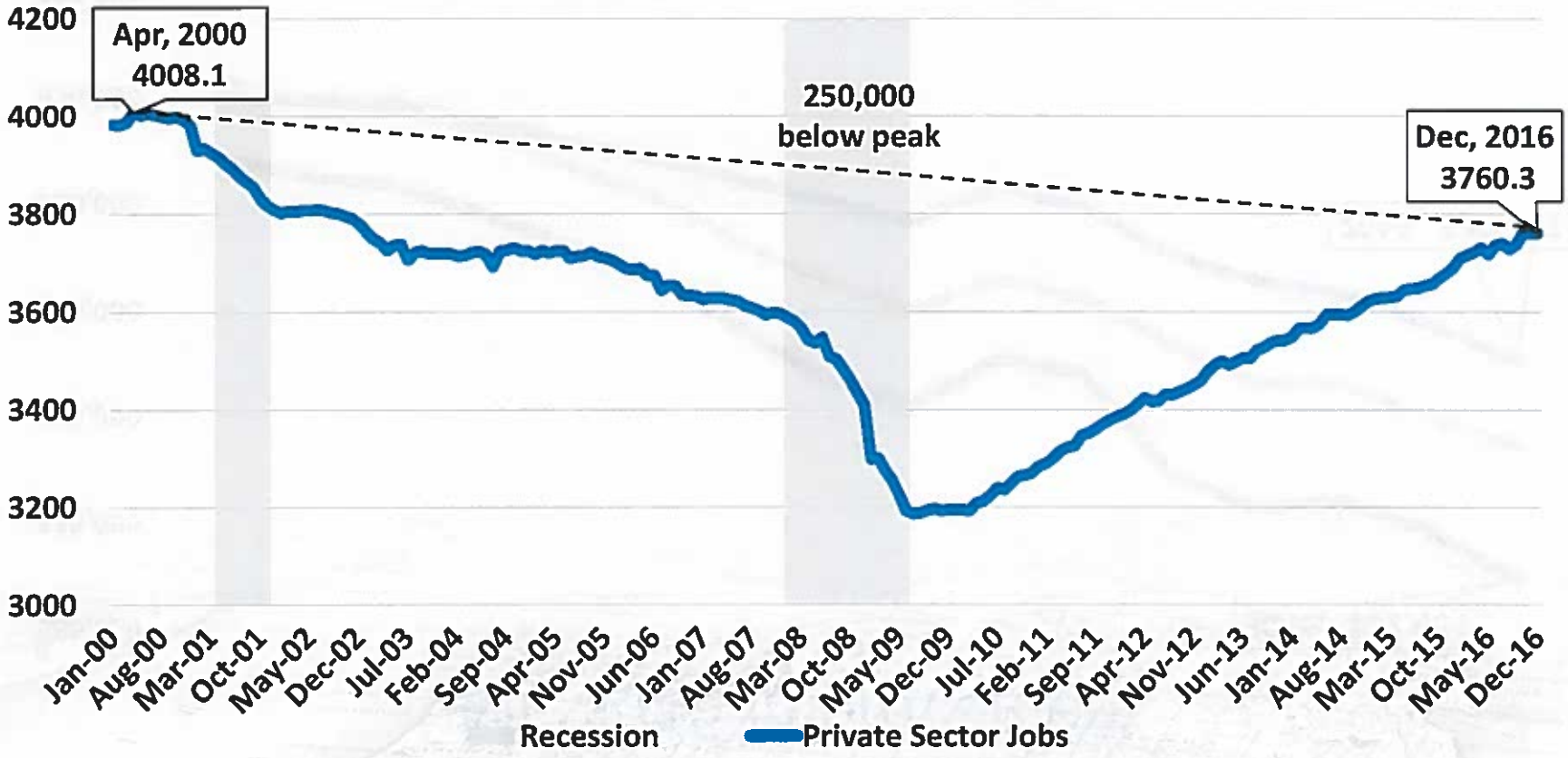
Bureau of Labor Statistics; BLM

Outputs: Jobs

Private Sector Employment



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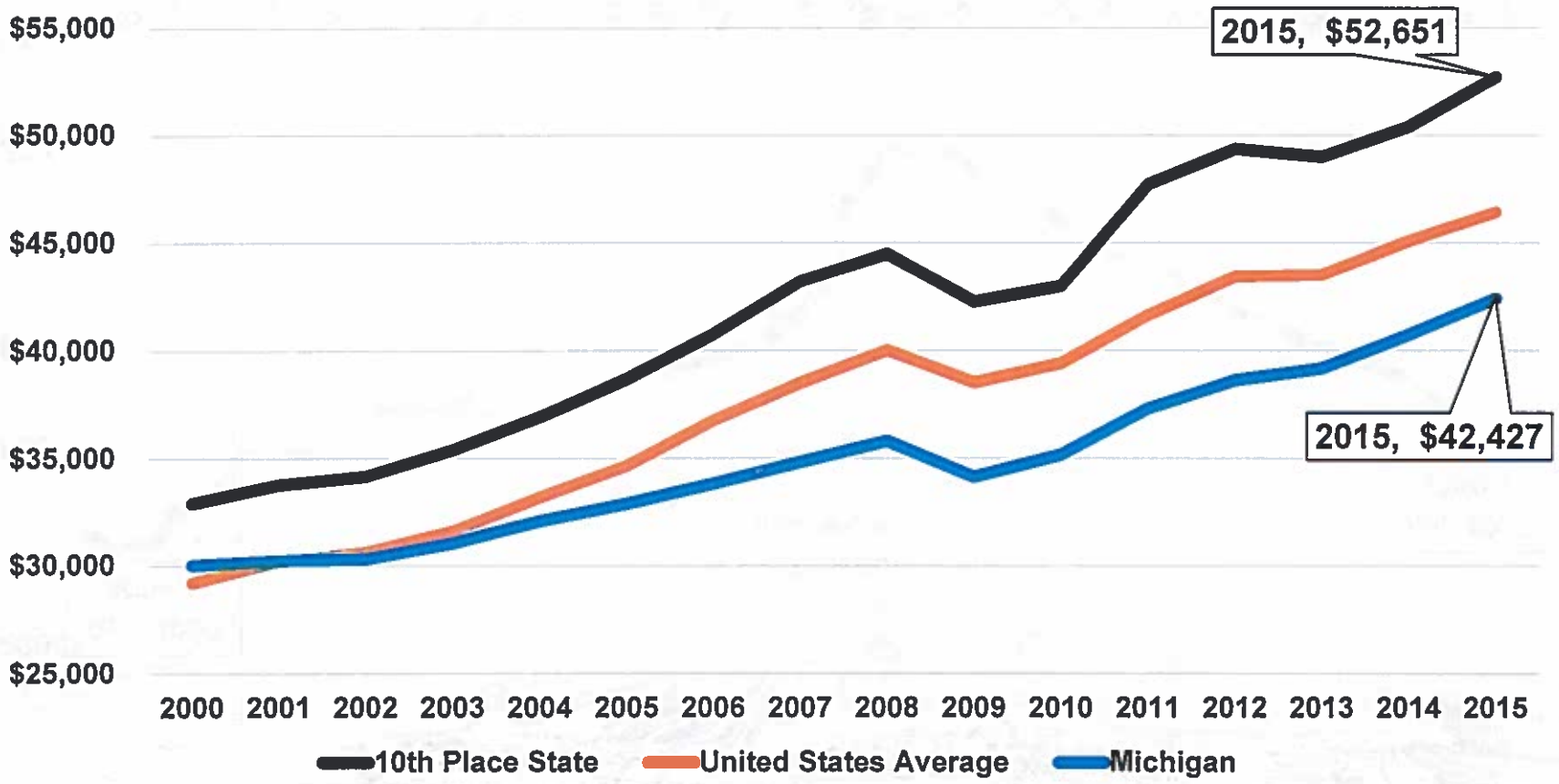
Bureau of Labor Statistics; BLM

Outputs: Per Capita Income

MI: 2015 Improvement



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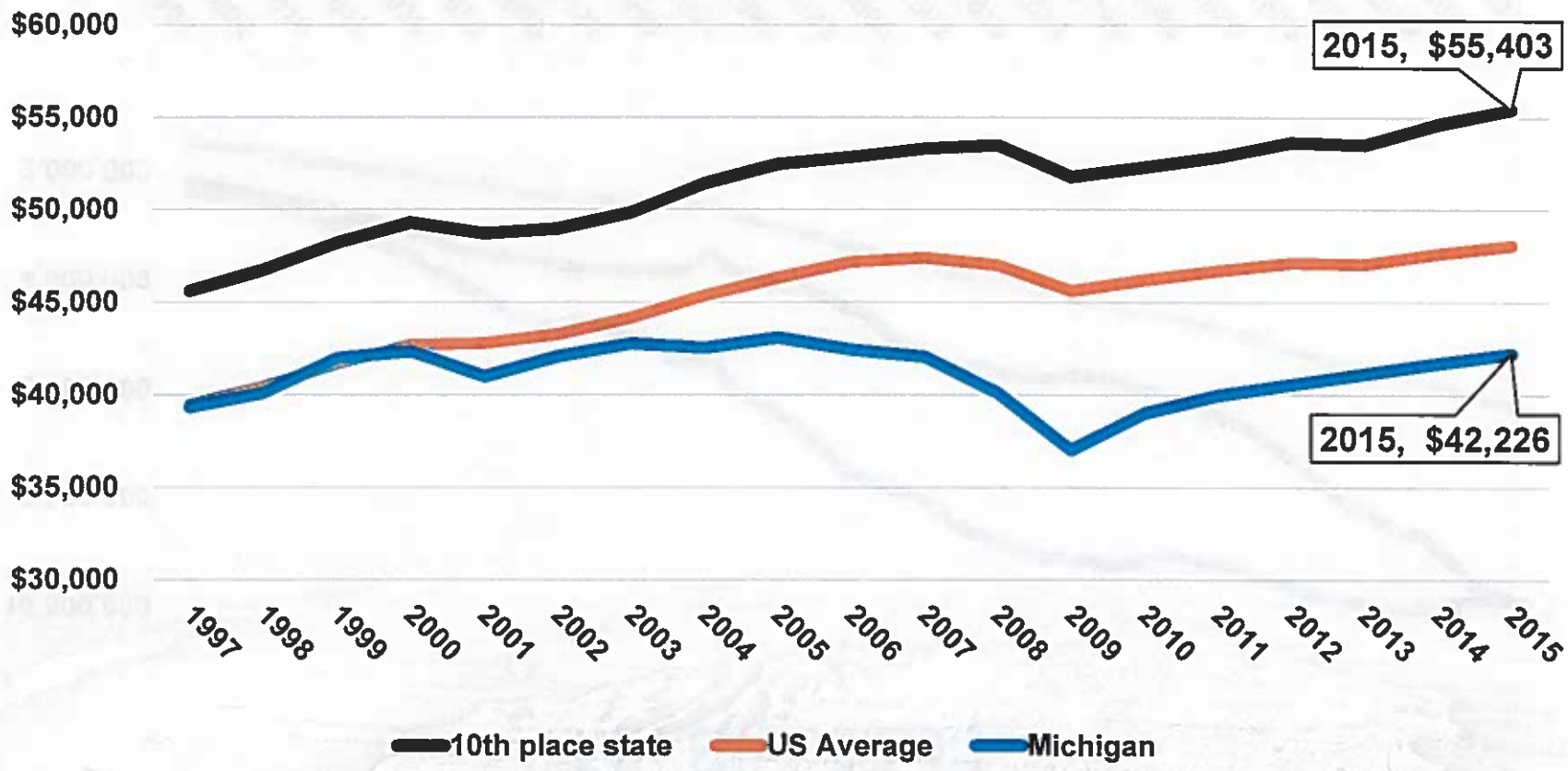
Bureau of Economic Analysis; BLM

Outputs: Per Capita GDP

MI: Gap Remains



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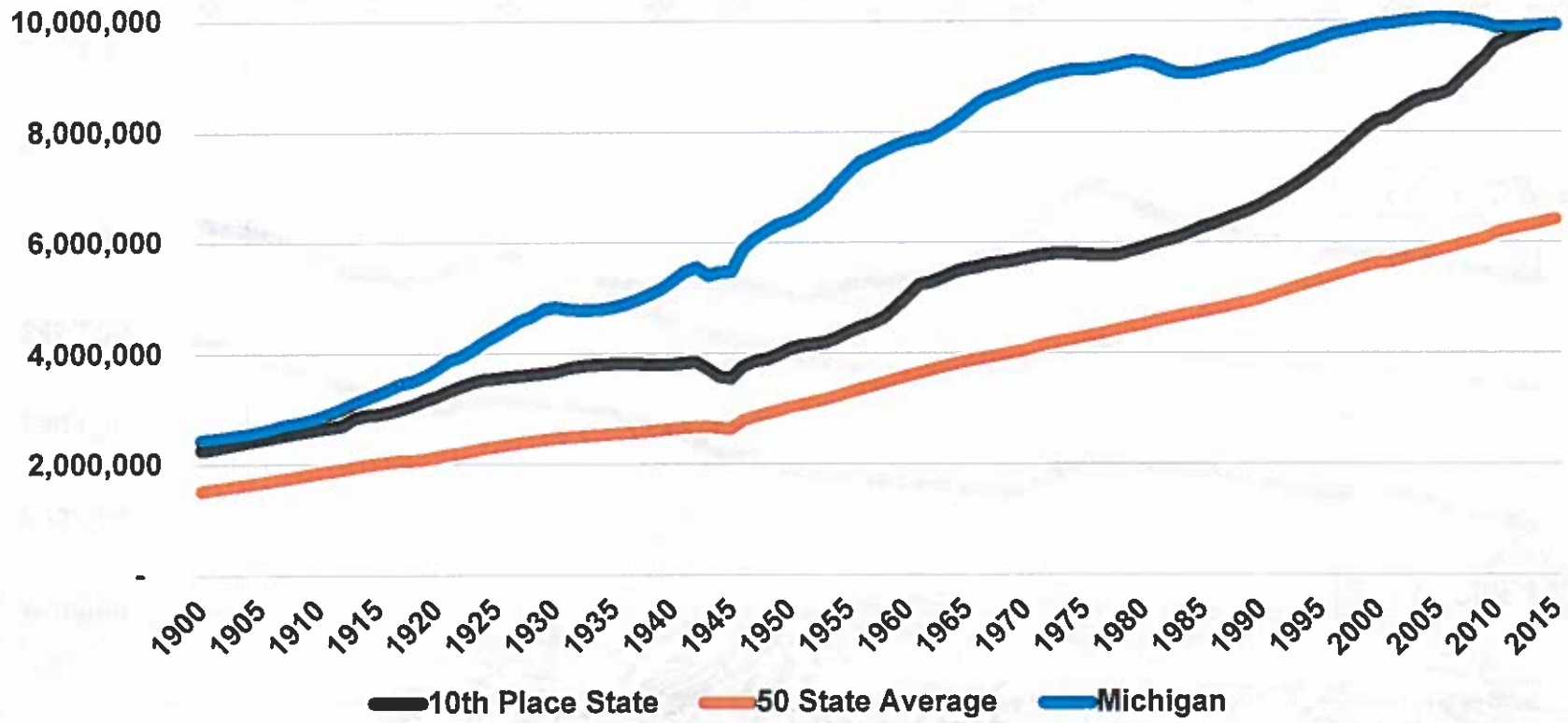
Bureau of Economic Analysis; BLM

Outputs: Population
MI: Stabilized



US Census Bureau; BLM

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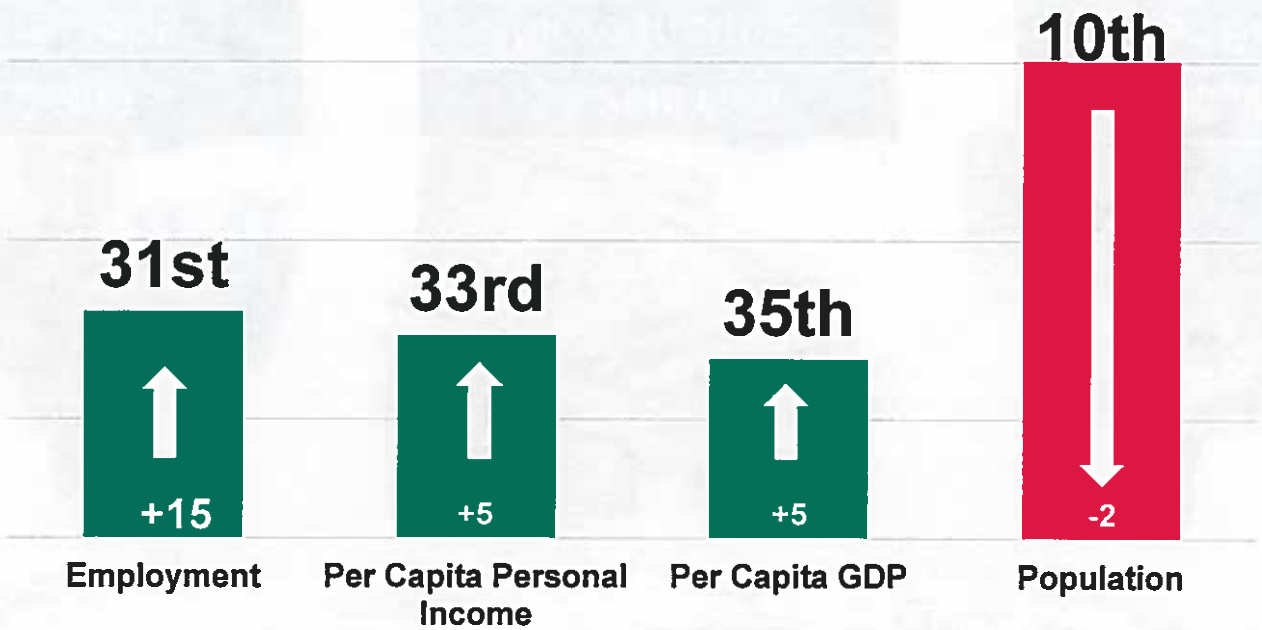
Outputs

MI Rank: 2010 Vs. 2015



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If Michigan Was A Top Ten State

72,300
More Jobs

$9,200/Year
More Income

$12,300 More GDP
Per Person

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People and Income Lost

Population and Income Migration 2005 - 2015

State	Population	Income
Florida	(107,031)	$(4.1B)
Arizona	(61,264)	$(801M)
Texas	(55,680)	$(1.3B)
North Carolina	(37,869)	$(800M)
Georgia	(36,006)	$(660M)
Ohio	(32,727)	$(21M)
California	(27,674)	$(751M)
Indiana	(25,079)	$(59M)
Virginia	(21,001)	$(310M)
Tennessee	(20,712)	$(581M)
Kentucky	(19,394)	$(240M)
South Carolina	(18,305)	$(525M)
Washington	(14,131)	$(371M)
Mississippi	(12,629)	$(63M)
Illinois	(12,266)	$(177M)
Nevada	(11,482)	$(311M)
Colorado	(10,304)	$(359M)
Total	**(523,527)**	**$(11.5B)**

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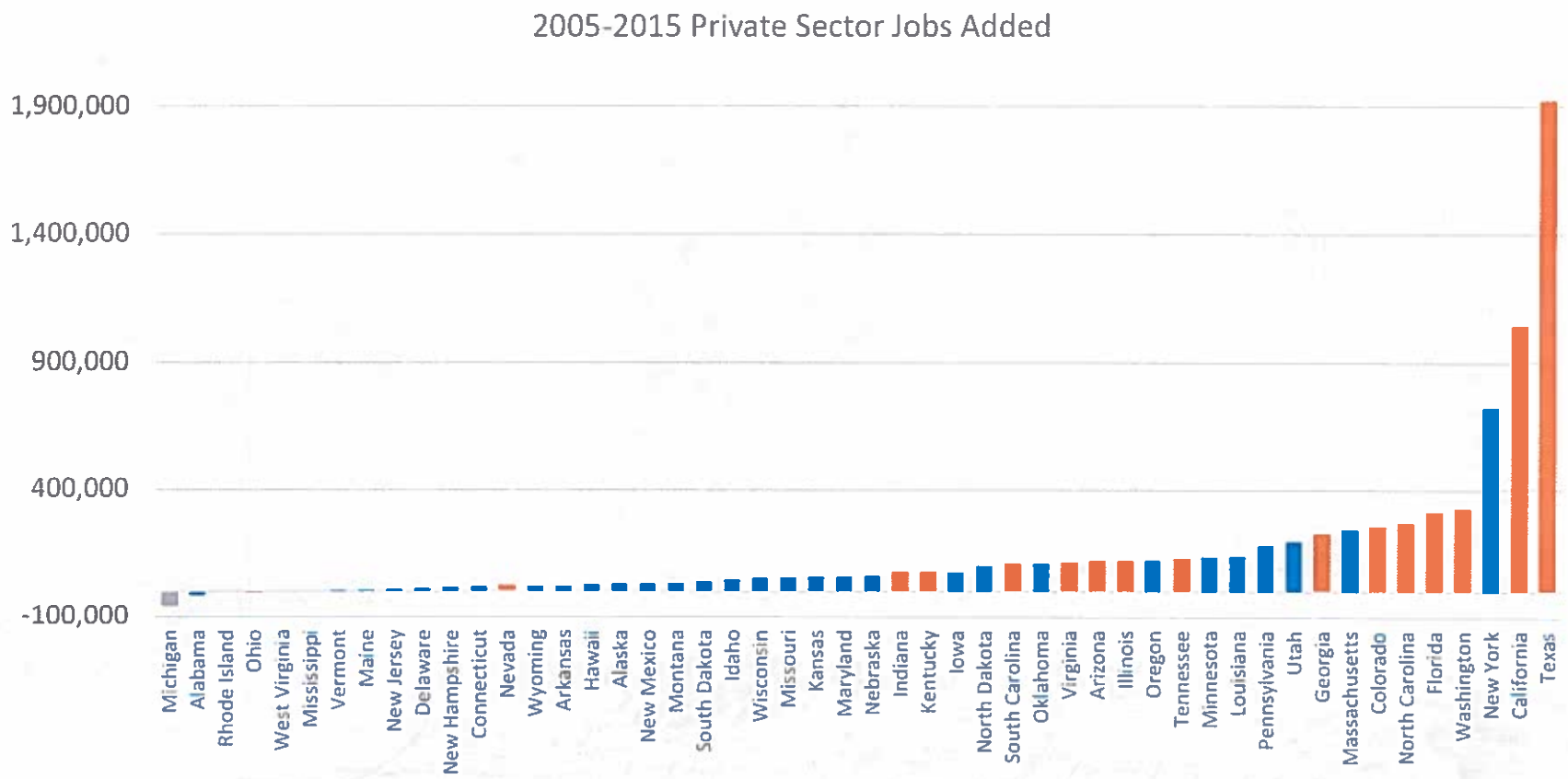
Bureau of Labor Statistics; Internal Revenue Service; BLM

Private Sector Job Growth



BUSINESS LEADERS FOR MICHIGAN

Bureau of Labor Statistics; BLM

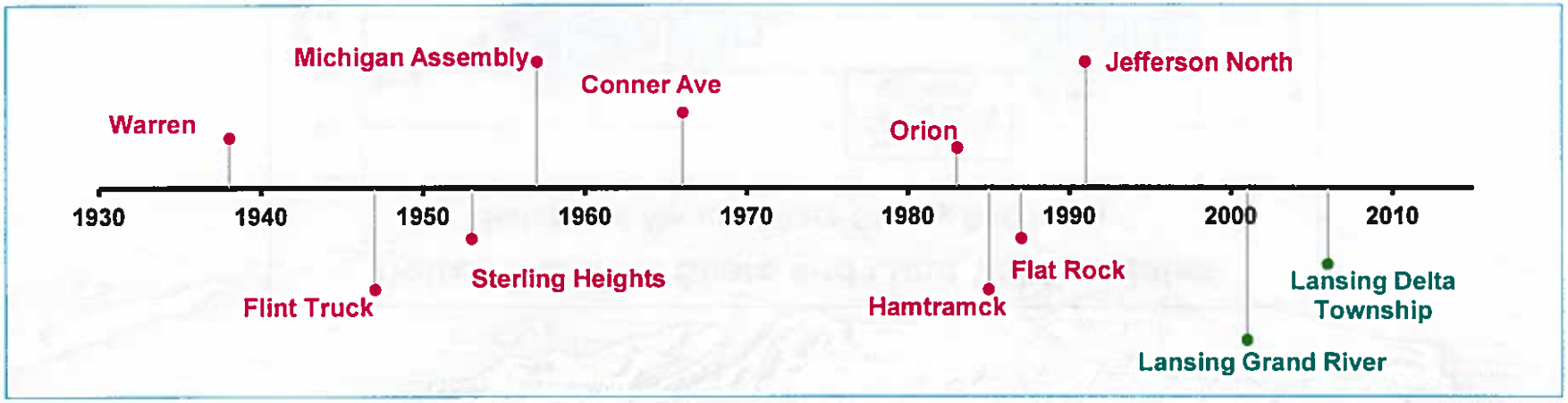
Auto Plants at Risk

1 Plant = 10k jobs

Auto sector = 770k MI jobs

2/3rds MI plants > 30 years old

Only 2 of 24 plants opened since 2000 in Michigan



Center for Automotive Research, November 2015

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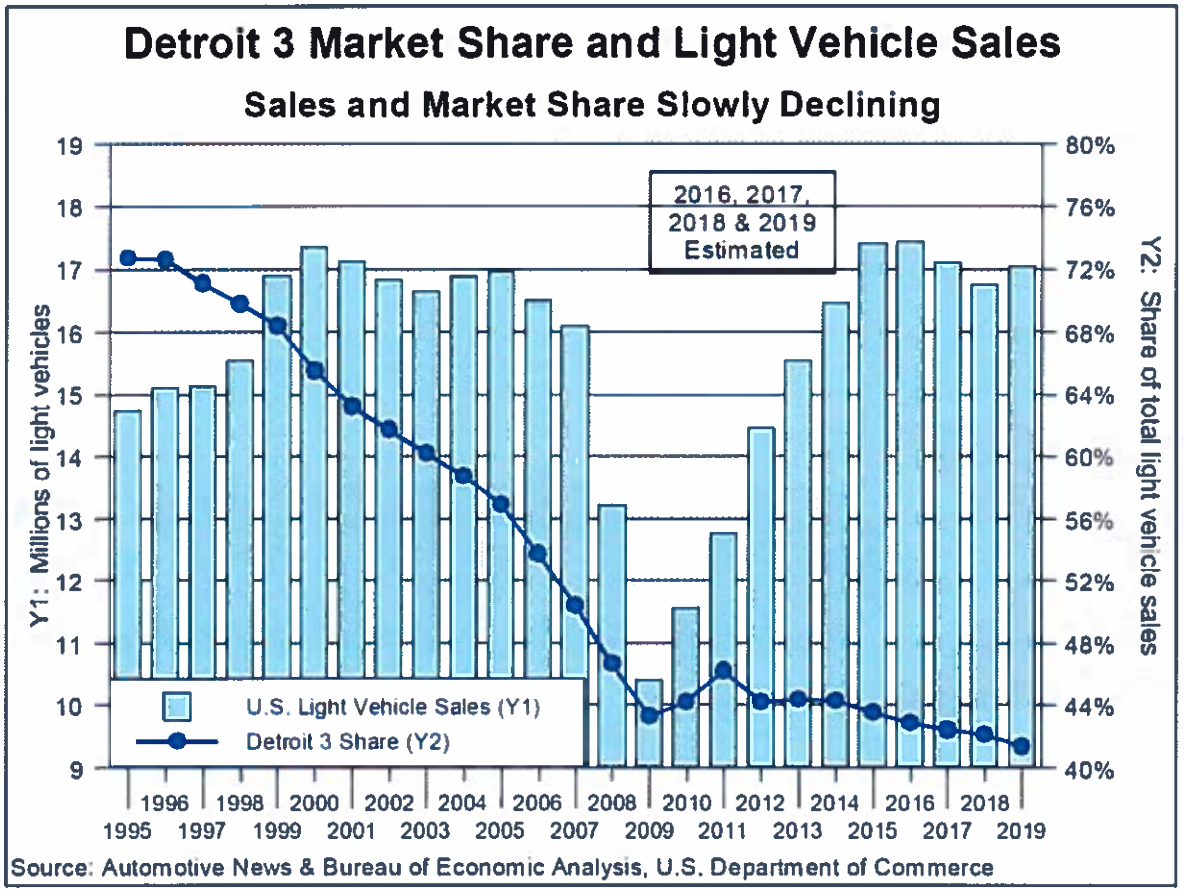
Auto Industry at Capacity?



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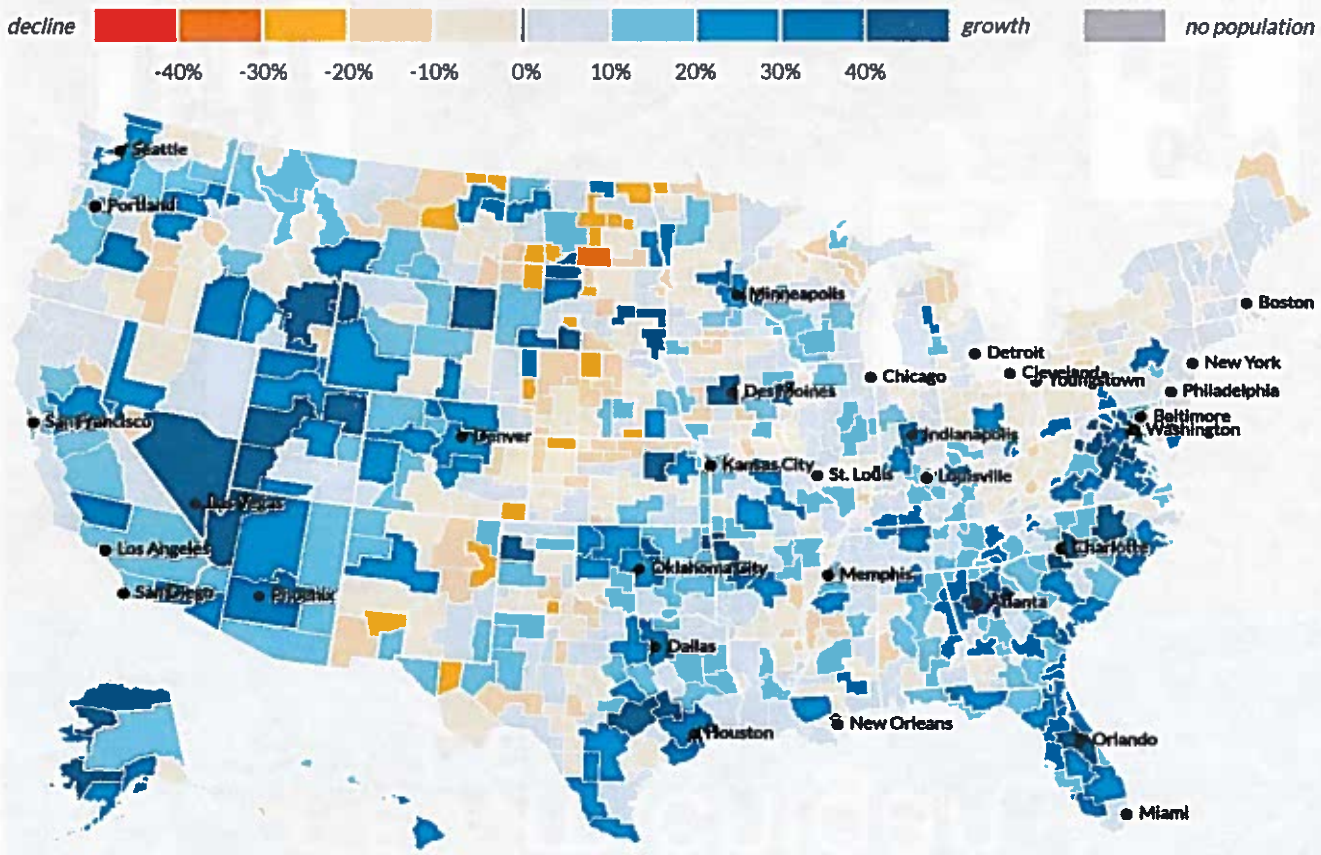
Forecasted U.S. Growth To 2030

MI < Top Competitors



Urban Institute

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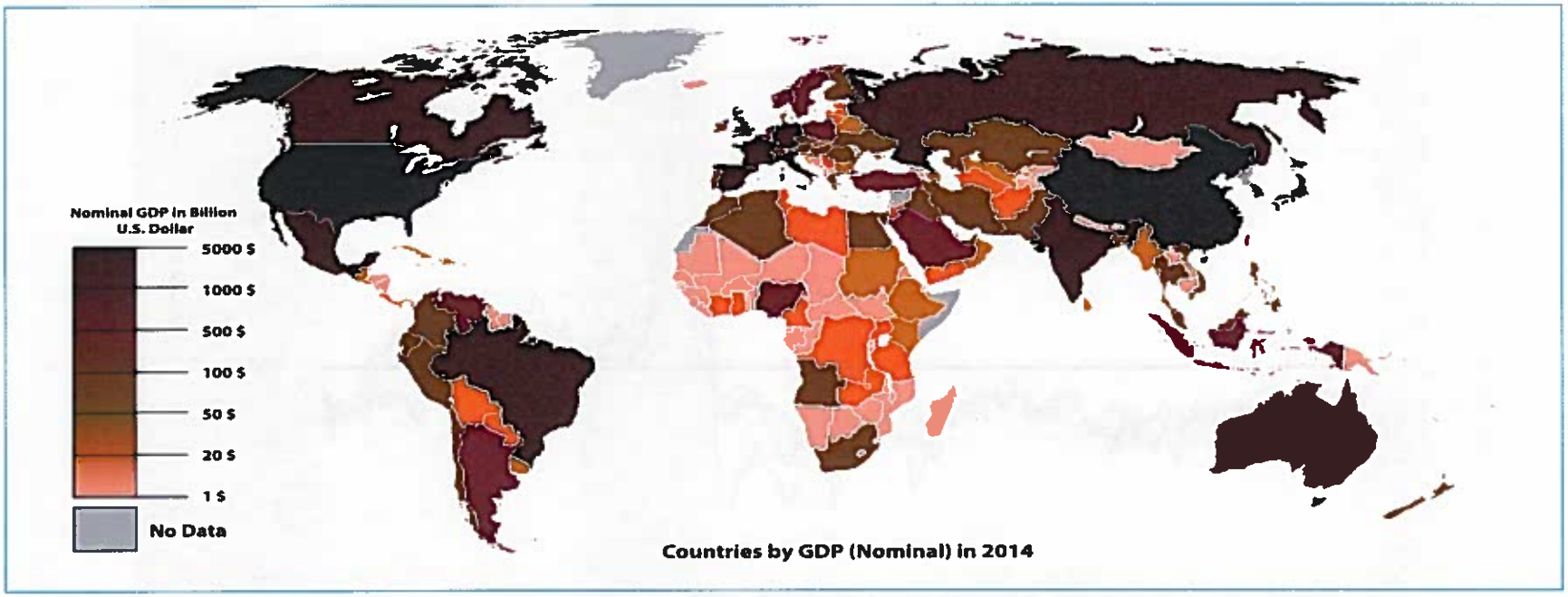
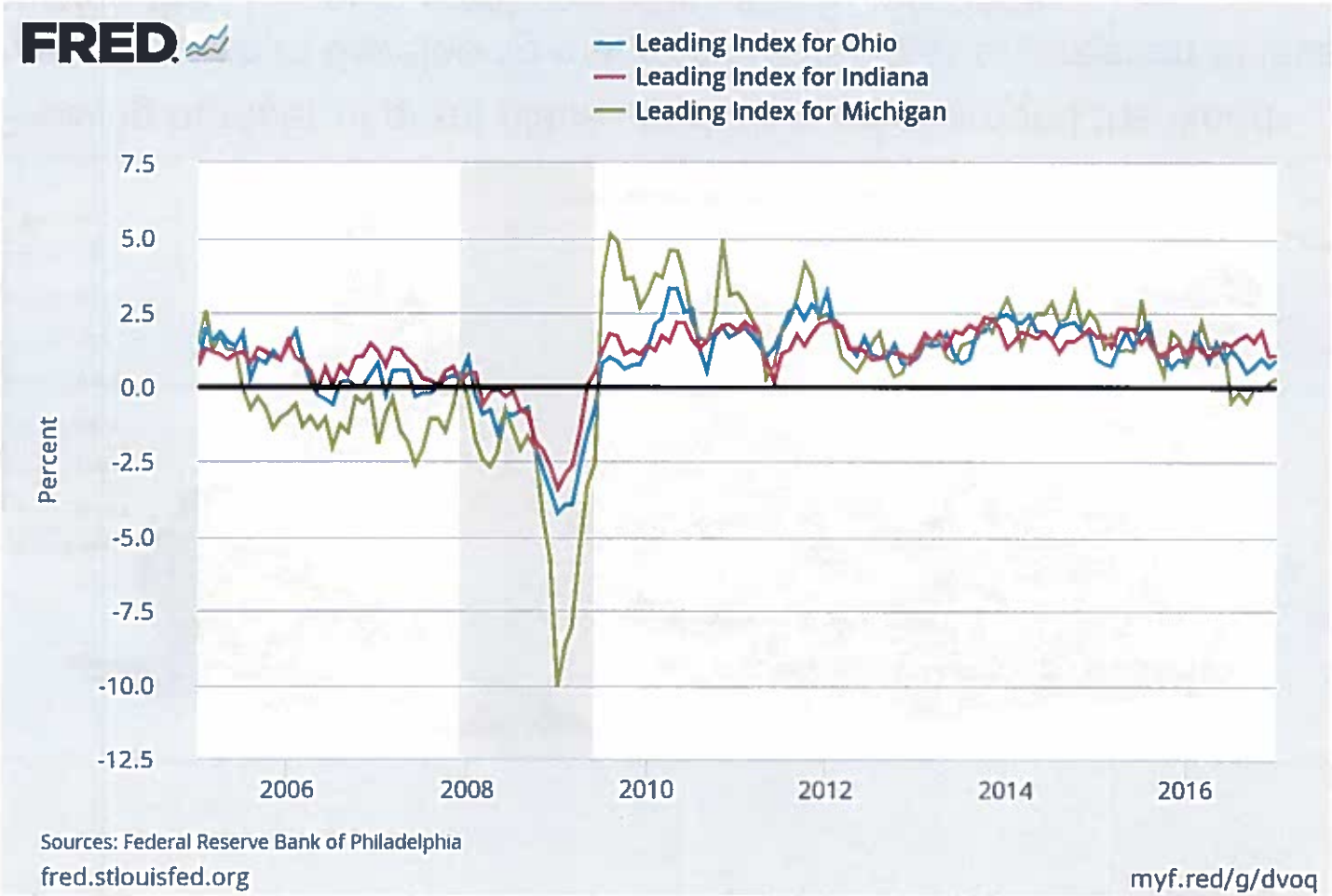
Why Is Economic Development Important?



- Growing number of great places to do business around the world
- Faster growth in developing markets creates a strong reason to invest outside the U.S. or in most competitive U.S. locations

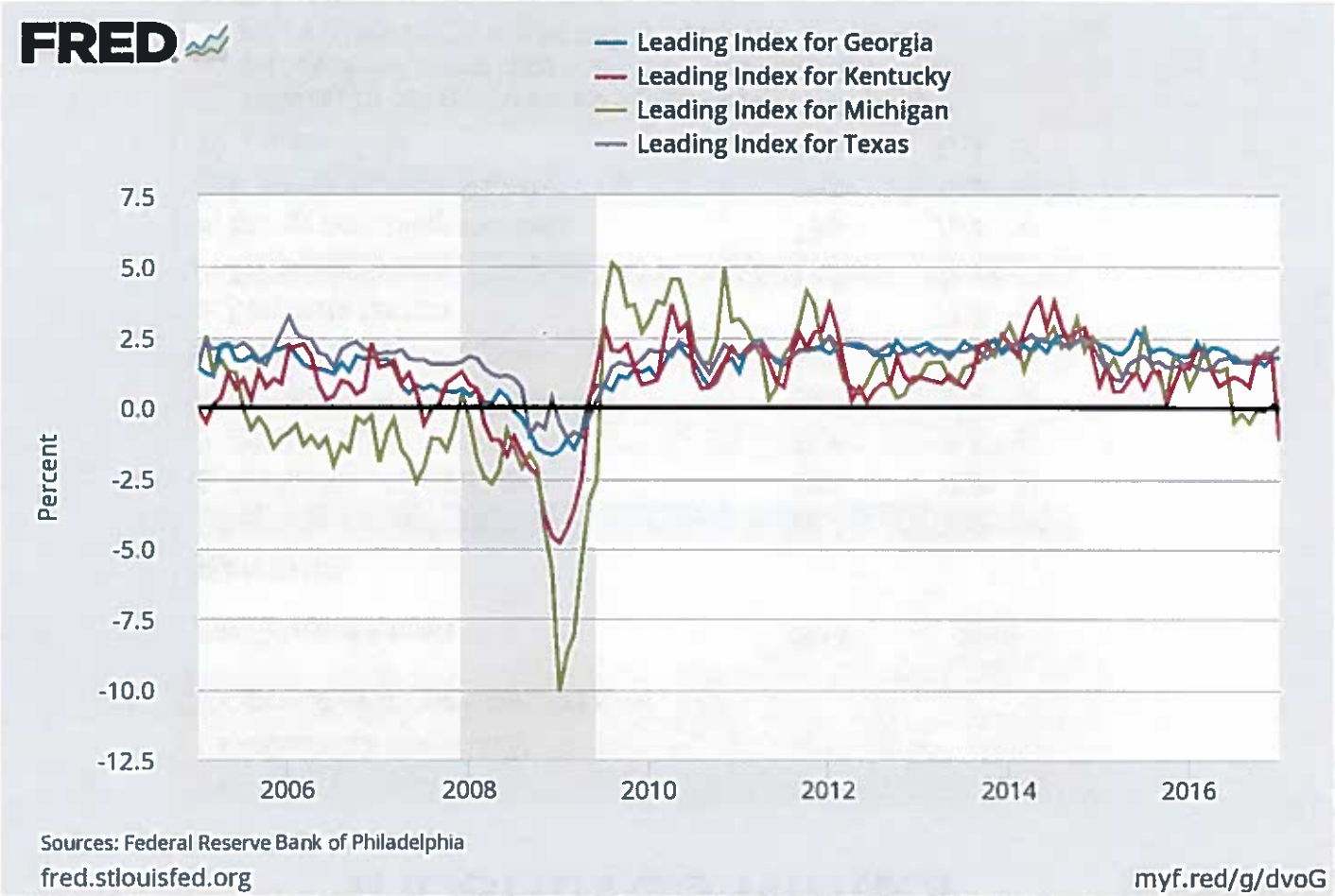
World Bank, 2014

Why Is Economic Development Important?



BUSINESS LEADERS FOR MICHIGAN

Why Is Economic Development Important?



BUSINESS LEADERS FOR MICHIGAN

Incentives Matter

COMBINED RATINGS*
CORPORATE SURVEY 2016

Site Selection Factors	2016	2015	
RANKING			
1. Highway accessibility	94.4	88.0	(2)**
2. Availability of skilled labor	89.8	92.9	(1)
3. Labor costs	89.6	80.8	(6)
4. Occupancy or construction costs	86.0	85.4	(4)
5. State and local incentives	84.0	75.8	(9)
6. Corporate tax rate	82.3	78.8	(7)
7. Tax exemptions	79.7	74.7	(11)
8. Energy availability and costs	78.5	75.3	(10)
9. Proximity to major markets	78.1	76.3	(8)
10. Quality of life	76.4	87.6	(3)

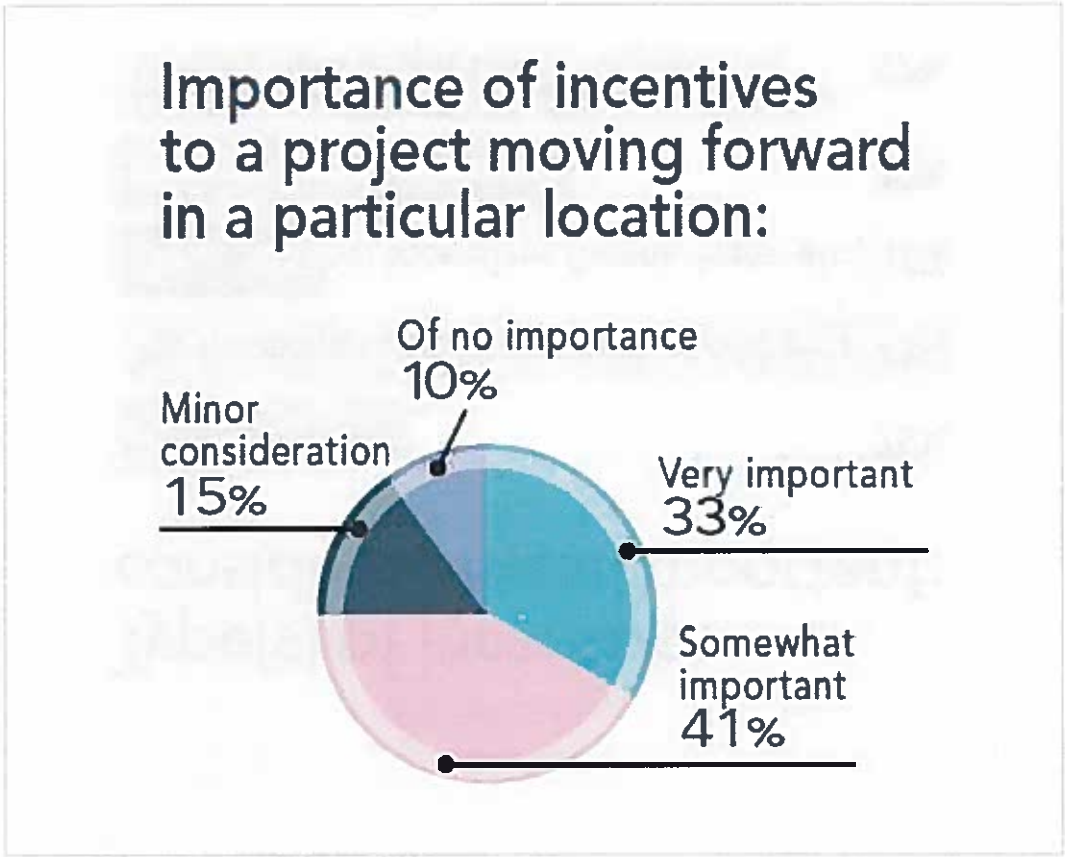
* All figures are percentages and are the total of the "very important" and "important" ratings of the Area Development Corporate Survey and are rounded to the nearest tenth of a percent.

** 2015 ranking

Area Development Online 31st Annual Corporate Survey

BUSINESS LEADERS FOR MICHIGAN

Incentives Matter



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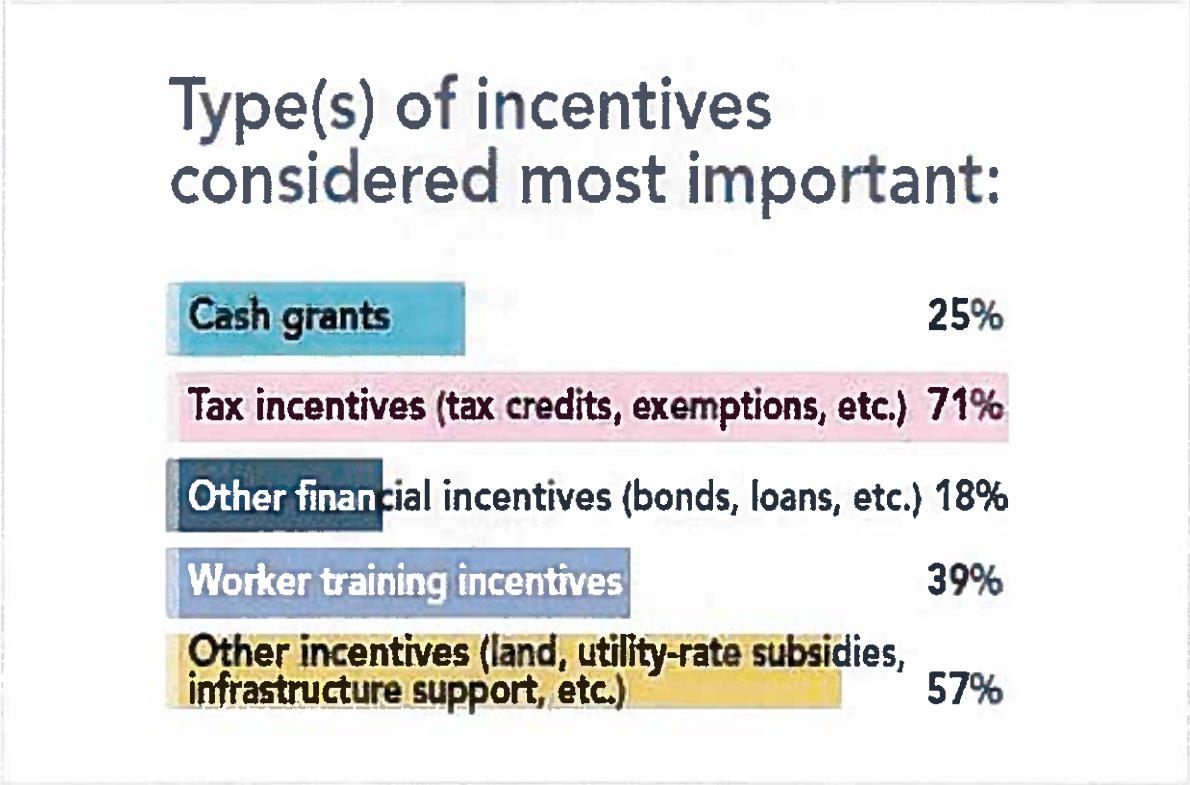
BUSINESS LEADERS FOR MICHIGAN

Incentives Matter



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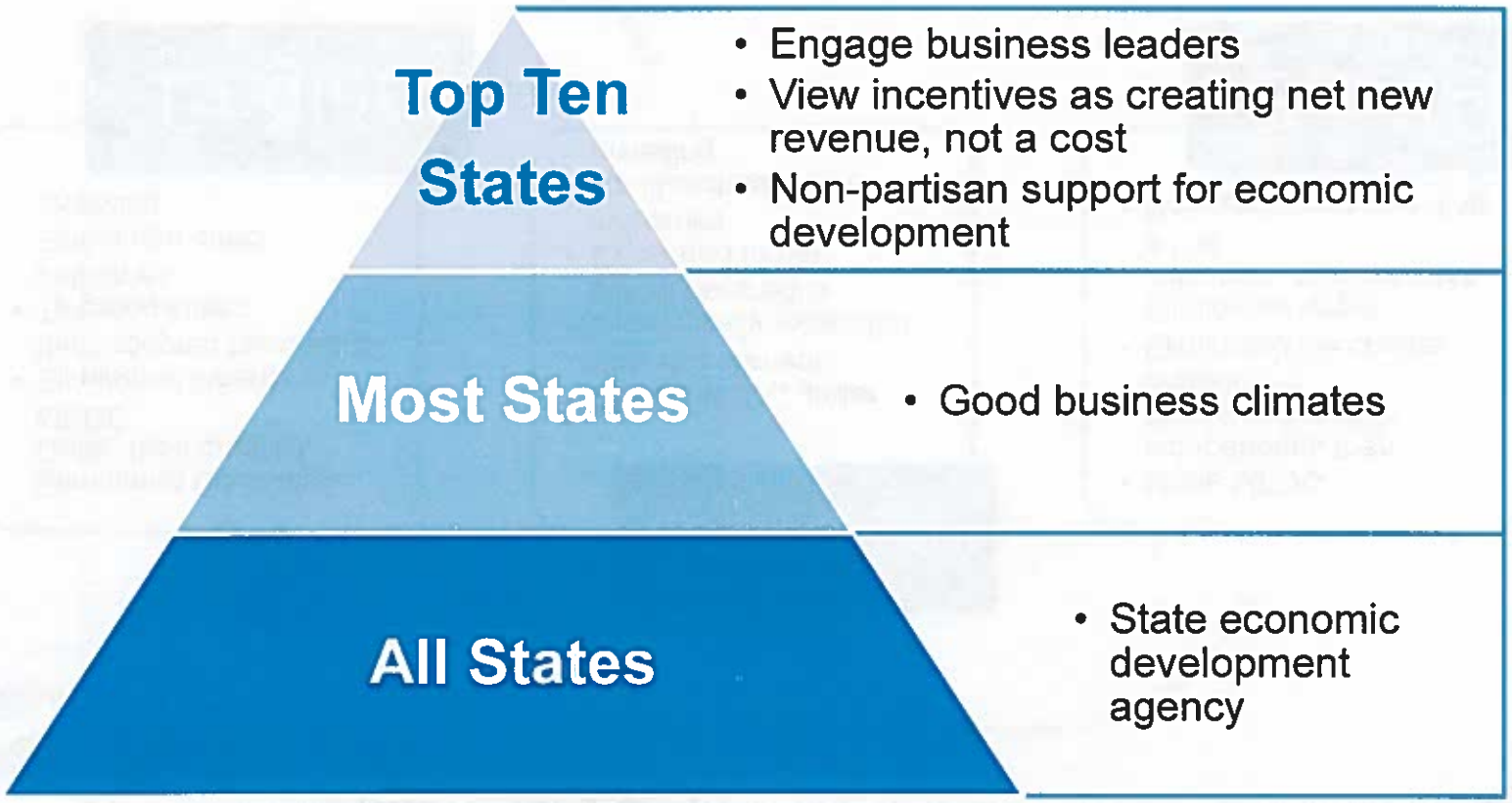
BUSINESS LEADERS FOR MICHIGAN

State Practices



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Less Consistent

Engler

- Eliminated Commerce Dept., then created MEDC
- Eliminated incentives, then adopted tax credits
- Targeted select industries
- Eliminated direct investing

Granholm

- Placed MEDC under state department
- Dramatically expanded use of tax credits
- Expanded target industries
- Re-launched direct investing

Snyder

- Made MEDC independent, then placed under state department
- Eliminated tax credits
- Eliminated target industries, then adopted a few
- Reduced direct investing

Other States Moving Aggressively

Georgia

- 2014 Kumho Tire
  450 Jobs

Kentucky

- 2014 Toyota Motor Company
  750 Jobs

Ohio

- 2014 General Electric
  2,000 Jobs

South Carolina

- 2015 Volvo
  2,000 Jobs

Tennessee

- 2015 Volkswagen
  9,800 Jobs

Texas

- 2014 Toyota Motor Company
  3,650 Jobs

Siteselectionggroup.com

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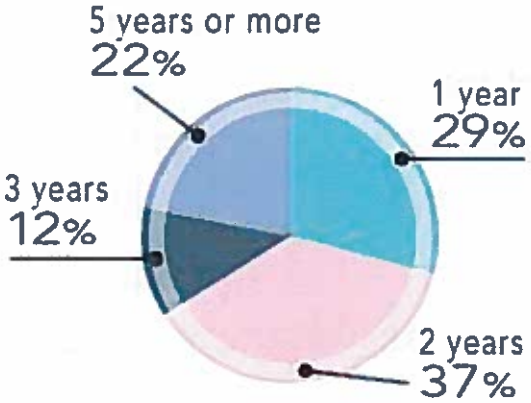
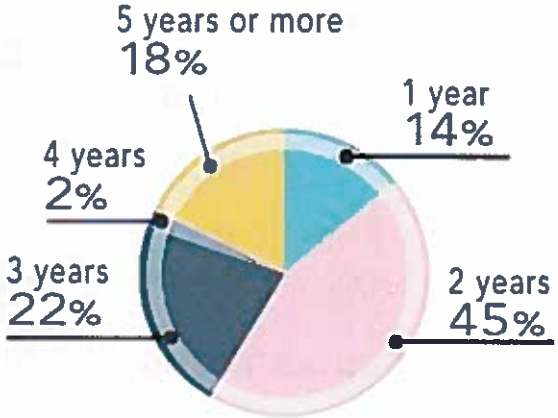
Opportunities Ahead

Those planning to open new domestic facilities (41% of total survey respondents) will do so within:



Those planning to expand existing domestic facilities (37% of total survey respondents) expect to do so within:



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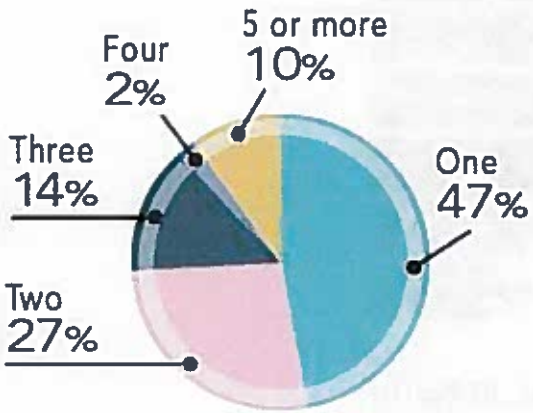
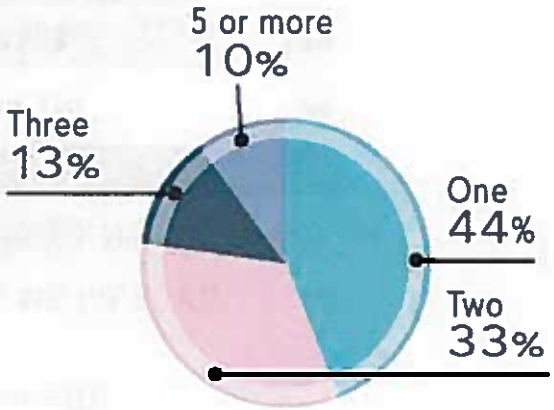
BUSINESS LEADERS FOR MICHIGAN

Opportunities Ahead

Number of new domestic facilities to be opened:



Number of domestic facilities to be expanded:



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Opportunities Ahead

Location of new domestic facilities (as a percentage of total number to be opened):

New England (CT, MA, ME, NH, RI, VT)	3%
Middle Atlantic (DE, MD, NJ, NY, PA)	10%
South Atlantic (NC, SC, VA, WV)	17%
Mid-South (AR, KY, MO, TN)	7%
South (AL, FL, GA, LA, MS)	14%
Midwest (IL, IN, MI, OH, WI)	13%
Plains (IA, KS, MN, NE, ND, SD)	2%
Mountain (CO, ID, MT, UT, WY)	5%
Southwest (AZ, NM, OK, TX)	18%
West (CA, NV, OR, WA)	7%
Offshore (AK, HI, PR, VI)	2%

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Opportunities Ahead

Contact with the locations of interest is then made within:	
Within a month	11%
Within 3 months	29%
Within 6 months	34%
After 6 months	26%

Number of locations/economic development organizations making the "short list":	
1-5	93%
5–10	4%
More than 10	3%

After the initial contact, location decision is made within:	
1–6 months	33%
6-12 months	38%
1–2 years	21%
More than 2 years	8%

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The Time is Now

CRAIN'S DETROIT BUSINESS

Detroit and Southeast Michigan's premier business news and information website

Originally Published: June 14, 2017 7:02 AM **Updated: An hour ago**

Is Michigan losing Foxconn to Wisconsin?

By Associated Press

President Donald Trump said that a "major, major incredible manufacturer" may be headed to Wisconsin — is it Foxconn, the one Michigan was working to land?

During a visit to Wisconsin on Tuesday, Trump said that "Just backstage, we were negotiating with a major, major incredible manufacturer of phones and computers and televisions and I think they're going to give the governor a very happy surprise very soon."

BUSINESS LEADERS FOR® MICHIGAN

House Tax Policy Committee

June 14, 2017