

An aerial view of a city construction site. In the foreground, there is a large, active construction site with a crane and various pieces of machinery. The background features a dense urban skyline with several tall buildings, including one with the number '1001' on its facade. The overall scene is set against a clear sky.

MAKE IT IN MICHIGAN FUND

SOAR Reform Package



A NEW NORTH STAR

Economic development can no longer exist in a vacuum. Michigan has had an inconsistent history with economic development tools and spending through multiple administrations – the results haven't led to increased prosperity for Michiganders. With an aging and declining population, and declining median income, it's time to reimagine the largest economic development tool: SOAR, to align around prosperity goals for Michiganders, not just landing projects.

In national rankings which consider outcomes for residents – NOT projects – Michigan has fallen behind

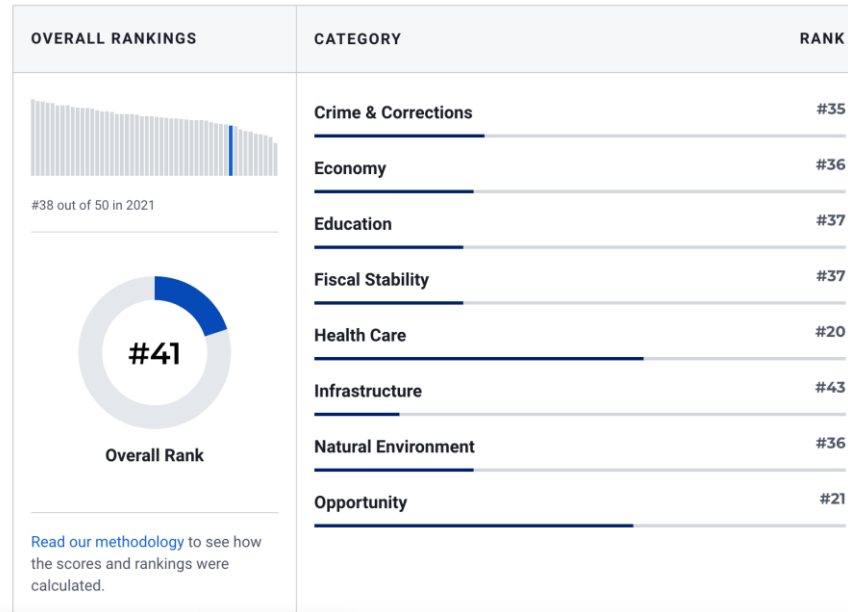
BEST STATES RANKINGS

- #1 Utah
- #2 Washington
- #3 Idaho
- #4 Nebraska
- #5 Minnesota

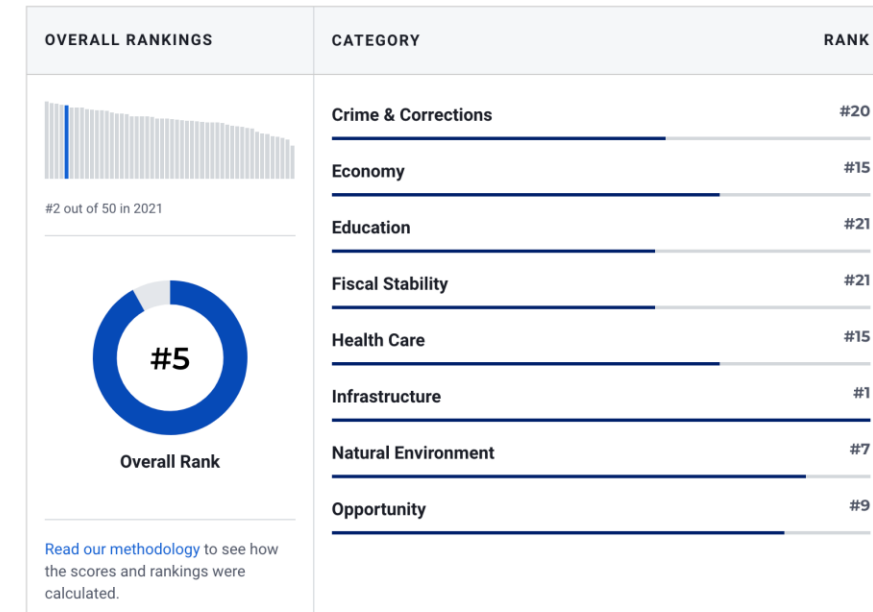


In US News & World Report’s 2023 analysis, which ranks states utilizing 71 different rankings across 8 categories, Michigan is near the bottom at 41st in the nation. Only one Midwest neighbor appears in the Top 5 – Minnesota, at 5. View the full report here: [2023 State Ranking](#)

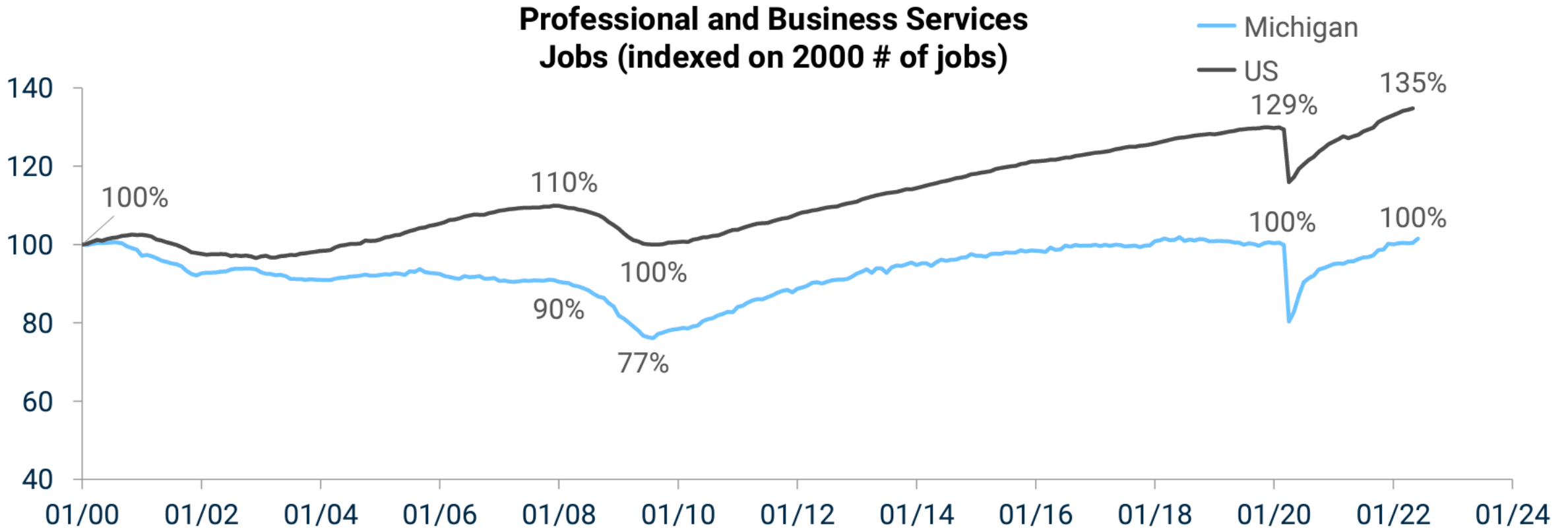
Michigan Rankings



Minnesota Rankings



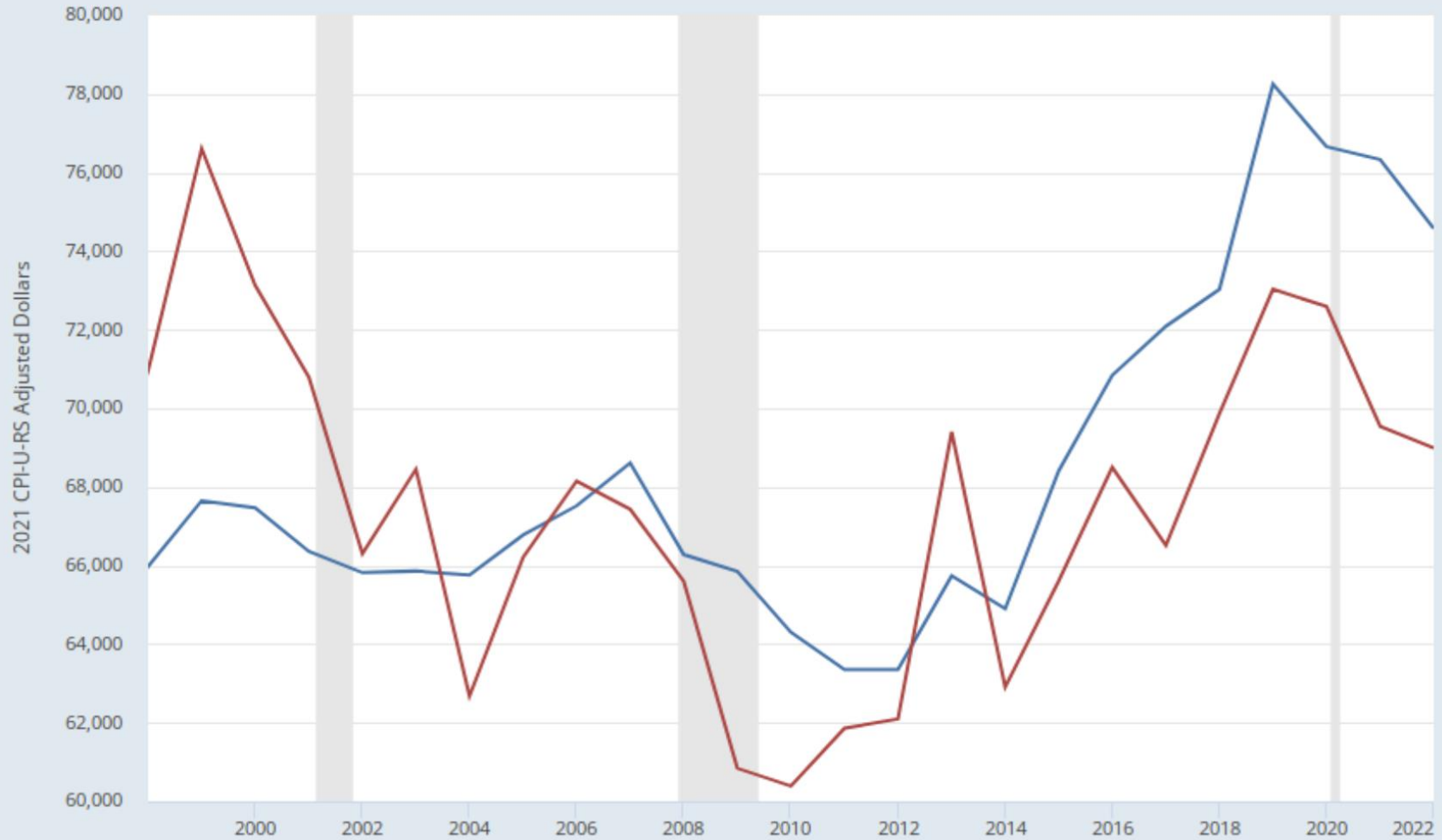
Professional and Business Services has seen one of the largest growth rates in the US, but not in Michigan



US is projected to see an additional 2 million jobs in this area in the next 10 years



— Real Median Household Income in the United States
— Real Median Household Income in Michigan



Source: U.S. Census Bureau

myf.red/g/19ctA

Who Our True Competitors Are – And Why

MEDC frequently benchmarks Michigan against Midwest and Southern states based on tools available and projects secured – NOT based on prosperity metrics

However, Business Leaders for Michigan identified that – of places Michiganders are moving to – they’re either warm states (*which we can’t do anything about*) or tech hubs (*which we CAN do something about*)

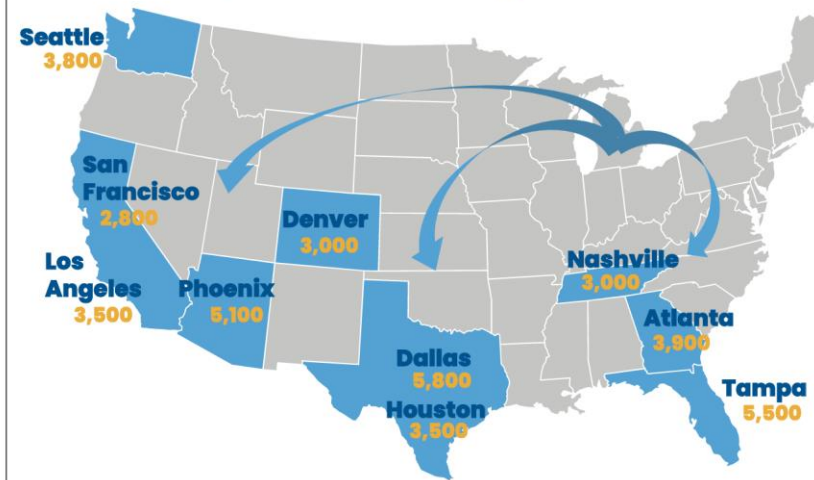
NUMBER OF INCENTIVE TOOLS: RANKED BY STATES CURRENT INCENTIVE PROGRAMS

COMPETING STATES	R&D	Job Creation – Tax	Job Creation – Grant/Cash	Investment/ Retention	Site Improvement	Personal/Real Property Exemption	Total by State	Ranking
	Kentucky	2	4	3	9	1	1	20
Ohio	2	3	7	1	1	2	16	2
South Carolina	1	5	0	6	0	2	14	3
North Carolina	1	0	8	2	1	0	12	4
Ontario	4	2	0	6	0	0	12	5
Illinois	1	5	3	1	1	0	11	6
Indiana	1	3	0	5	1	0	10	7
Texas	3	2	1	2	0	0	8	8
Wisconsin	1	1	1	3	2	0	8	9
Alabama	0	4	1	0	1	1	7	10
Georgia	1	3	0	2	0	0	6	11
Tennessee	0	2	1	2	0	0	5	12
Michigan	0	0	1	0	0	3	4	13

States included were part of the competitor set identified by Public Sector Consultants during its benchmarking study for Michigan in 2018. Further, these states have been identified by Michigan's customers as those with competing sites when evaluating projects for potential support or as states who have been selected over Michigan for a project. Data not inclusive of all potential incentive programs for each state. Findings have been gathered from several economic development organizations' and associations' websites, 50 State Incentive Comparison, and BLS & CO. INSIGHTS.

Michigan is losing talent to warmer regions and tech hubs

Top 10 net worker migration destinations (2010-2021)



7 of top destinations are Top 10 states



Who Our True Competitors Are – And Why

The good news for us: we may not be able to make Michigan a warm state, but a majority of the Top States overall in US News & World Report's rankings are actually *Northern* states...
Making the strong case that we should stop benchmarking ourselves against warm states and start benchmarking ourselves against Top States.

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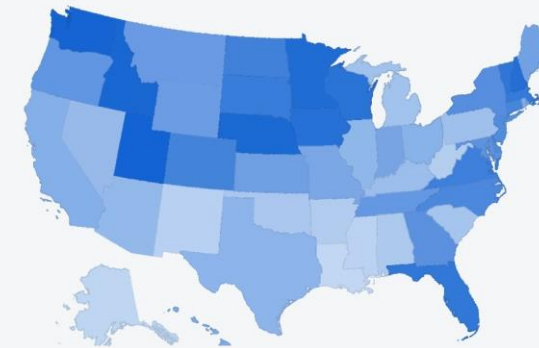


WHICH STATE IS THE BEST?

Visualize your state's performance on the metrics that power the rankings.

Overall Rank

1  50



- #1 Utah
- #2 Washington
- #3 Idaho

GOOD NEWS (and a sign to take a “don’t panic, improve” measured approach to reform)

Defining prosperity

True prosperity is when all people have the opportunity to thrive.

Prosperity is underpinned by an **inclusive society**, with a strong social contract that protects the fundamental liberties and security of every individual.

In a prosperous society:

- People live in peace, free from the threat of violence, oppression, and crime.
- Everyone’s inherent dignity is respected, and freedom of speech, worship, and assembly are protected.
- Governing institutions act with integrity, are accountable to citizens, and are subject to the rule of law.
- Stable families and supportive communities instill the values that shape the culture and build the bonds of trust needed for society to flourish.



Prosperity is driven by an **open economy** that harnesses ideas and talent to create sustainable pathways out of poverty.

In a prosperous society:

- Property rights are protected, so investment can flow.
- Business regulation enables entrepreneurship, competition, and innovation.
- Open markets and high-quality infrastructure facilitate trade and commerce.
- Fiscal and monetary policy are used responsibly to foster employment, productivity, and sustained economic growth.



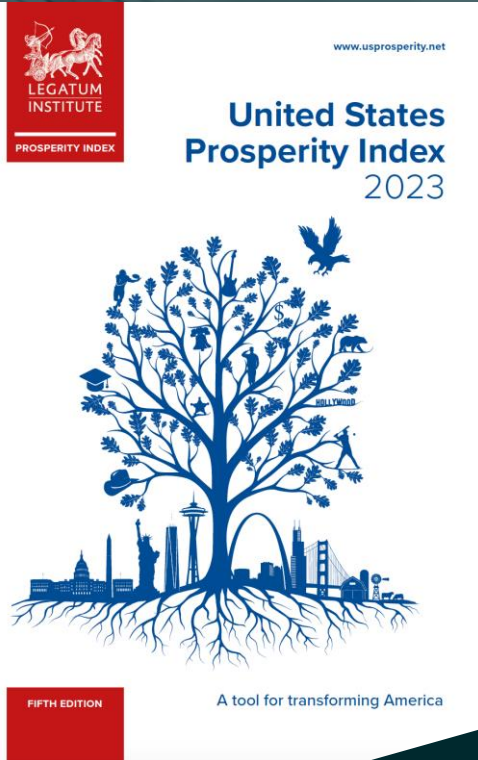
Prosperity is built by **empowered people**, who create a society that promotes wellbeing.

In a prosperous society:

- Everybody is able to build a life free from poverty.
- People take care of their physical and mental health and have access to effective healthcare.
- Learning is valued and everyone receives a high-quality education, so they can reach their potential.
- The natural environment is stewarded wisely, as a legacy for present and future generations.



True prosperity means everyone has the opportunity to thrive by fulfilling their unique potential and playing their part in strengthening their communities. Because ultimately, prosperity is not just about what we have; it is also about who we become.



U.S. PROSPERITY INDEX 2023

The United States Prosperity Index, rankings

2013 Rank	2022 Rank	2023 Rank	State	Safety and Security	Personal Freedom	Government	Social Capital	Business Environment	Infrastructure	Economic Quality	Living Conditions	Health	Education	Natural Environment
1	1	1	Massachusetts	6	8	4	22	5	42	26	7	2	1	6
2	3	2	Utah	17	9	20	1	4	6	3	12	16	11	19
7	2	3	Connecticut	8	2	1	38	15	14	35	3	3	4	2
12	5	4	New Hampshire	2	1	42	20	8	22	30	1	5	5	5
3	4	5	Minnesota	15	14	6	6	16	10	18	5	4	6	15
5	6	6	Vermont	3	4	15	4	13	47	39	14	12	2	1
6	10	7	Colorado	41	29	5	21	1	23	9	21	17	7	11
14	7	8	New Jersey	4	15	27	29	28	20	34	2	6	3	13
10	11	9	Wisconsin	13	5	9	15	18	32	16	11	14	12	23
11	12	10	Iowa	14	10	11	9	32	9	5	8	10	8	43
8	8	11	Nebraska	18	23	16	5	27	1	6	27	11	9	46
13	13	12	New York	11	13	29	36	3	34	19	19	7	23	3
9	9	13	Washington	32	33	3	25	12	35	4	16	13	12	10
17	15	14	Maryland	28	32	8	18	24	19	27	6	15	18	38
16	16	15	Virginia	9	6	33	27	26	38	12	4	21	10	27
4	14	16	North Dakota	19	11	37	17	39	2	1	17	18	25	42
20	17	17	Maine	1	12	25	8	31	48	44	18	23	24	7
19	20	18	Wyoming	10	18	43	2	14	12	15	29	35	20	35
27	22	19	Idaho	5	7	40	10	19	39	17	22	24	37	28
22	19	20	Rhode Island	7	3	23	31	45	37	50	9	9	16	8
25	18	21	District of Columbia	51	51	2	11	2	18	7	42	26	14	17
32	23	22	Illinois	33	19	22	24	7	8	40	13	22	17	37
26	24	23	Pennsylvania	22	41	38	13	6	25	43	15	25	15	33
24	25	24	Delaware	31	42	21	42	23	24	8	10	27	33	31
23	28	25	Kansas	23	16	45	19	21	3	21	24	31	26	40
33	27	26	Michigan	30	20	14	14	30	40	42	20	28	29	20
33	27	26	Michigan	30	20	14	14	30	40	42	20	28	29	20

Michigan is improving in overall prosperity for residents

24	25	24	Delaware	31	42	21	42	23	24	8	10	27	33	31
23	28	25	Kansas	23	16	45	19	21	3	21	24	31	26	40
33	27	26	Michigan	30	20	14	14	30	40	42	20	28	29	20
28	29	27	North Carolina	35	24	26	32	22	26	25	26	29	31	21
18	21	28	Oregon	21	21	20	22	21	11	11	20	26	20	24
47	45	42	Kentucky	20	35	35	40	40	27	47	44	45	39	44
42	44	43	Nevada	44	39	36	50	49	4	45	45	37	50	4
30	43	44	Alaska	47	38	18	26	46	51	32	41	42	43	14
46	42	45	Oklahoma	42	30	30	33	35	29	29	47	48	45	47
49	46	46	Alabama	38	45	49	37	37	5	38	39	47	44	45
44	47	47	New Mexico	49	34	19	49	47	44	41	49	41	51	24
45	48	48	West Virginia	16	25	41	16	50	50	49	46	51	49	41
50	49	49	Arkansas	48	44	44	51	48	31	46	48	49	46	49
48	50	50	Louisiana	50	50	46	39	44	45	22	51	46	48	50
51	51	51	Mississippi	39	46	49	43	43	46	48	50	50	47	39



THE CASE FOR REFORM

While Michigan has been making great strides to become more inclusive, invest in fundamentals like education, infrastructure, childcare, healthcare etc. – we know that systemic changes will take time. Reforming these tools through a new focus on prosperity and not just projects can ensure we still attract business investment utilizing smarter incentives while simultaneously investing in our places and people to maintain consistency and close the gaps.

A NEW FRAMEWORK FOR ECONOMIC DEVELOPMENT

PROPOSED VISION (LEGISLATURE – FOR ALL ECONOMIC DEVELOPMENT)

Proposed stated goal, Senate: Team Michigan is building a **holistic approach to economic development to secure the best future for all Michiganders**, present and future. We understand that economic development can no longer be viewed in a silo, and that the most successful states are packaging traditional economic development tools with targeted investments in communities, housing, workforce development, education, and wraparound services - leading to greater success in landing transformational projects while simultaneously investing in any state's greatest asset: their people. **Our goal is to ensure each and every economic development project that moves through the state's pipeline furthers our progress towards the stated goals of the MI New Economy plan and its three pillars: 1) growing the middle class; 2) supporting businesses; 3) investing in Michigan's communities.**

Through holistic, multifaceted offers that combine regional, community and service investment alongside incentive packages, every project should check the box in moving towards the previously-stated goals of:

- Lifting 100,000 families out of working poverty
- Our 60 by 30 goal to have 60% of Michiganders 25 and up earn a postsecondary degree or skills certificate by 2030.
- Expand access to low or no-cost childcare to 150,000 families.
- Becoming a Top 10 state for small business growth, revenue growth, and venture capital funding.
- Building 75,000 new or rehabilitated housing units
- Ensuring 100% access to high-speed internet in 5 years

And the addition of:

- Raising the median household income for Michiganders
- Increasing our state's population and workforce

MAKE IT IN MICHIGAN FUND

Every offer package must answer a simple question:

Will this community and Michiganders be better off after this investment *even if the company's commitment fails to materialize, the business decision changes, or the company falls short of their stated goals?*

CASE STUDY: AMAZON HQ2

News

Detroit misses cut for Amazon HQ2 over talent, mass transit

Internet giant narrows 238 submissions to 20 cities and regions

The Detroit News
SERVING MICHIGAN SINCE 1873



News Sports Autos [Business] Michigan Life + Home Entertainment Opinion Obituaries

BUSINESS

Michigan offered Amazon \$4 billion package to build HQ2 in Detroit



Daniel Howes
The Detroit News

Published 4:05 p.m. ET May 25, 2018 | Updated 11:00 a.m. ET May 26, 2018

[View Comments](#)

The state of Michigan last year offered Amazon.com Inc. \$4 billion in incentives to locate its second North American headquarters in Detroit, according to documents released Friday by the Michigan Economic Development Corp.

The Detroit News
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s Sports Autos [Business] Michigan Life + Home Entertainment Opinion Obituaries

Specifically, the state offered \$3.3 billion in Michigan Renaissance Zone and local tax abatements over 30 years. They include no real and personal property taxes for 10 years, followed by another 20 years at a rate of 1.1 percent, altogether delivering a 30-year average property rate of 0.733 percent. The offer zeroes out city corporate income taxes and city utility users taxes.

CASE STUDY: AMAZON HQ2

The Real Story of How Virginia Won Amazon's HQ2

State officials and company executives were reading from the same book—literally.

WRITTEN BY [LUKE MULLINS](#) | PUBLISHED ON JUNE 16, 2019

Modest tax breaks paired with massive education investment

Northern Virginia's ultimate proposal was centered around an effort to provide Amazon—or any other tech firm that wanted to come—with all the educated workers it needed, now and in the future. Moret's team proposed increasing tech education from kindergarten through 12th grade, expanding university offerings to produce up to 17,500 new bachelor's degrees in computer science and related fields, and building a tech campus that could produce the same number of master's degrees. All told, Virginia offered Amazon only \$550 million in tax breaks and \$195 million in transportation improvements. But it pledged to plow \$1.1 billion into tech schooling. According to Moret, it was the only place in the nation that made education the centerpiece of its pitch.

A package that won the business and withstands changes in the economy or business decisions; sets residents/state up to succeed long-term

Luke Weir

Although Amazon paused construction on part of its second headquarters in Northern Virginia, Virginia Tech remains on schedule to open its nearby Innovation Campus in Alexandria next year, according to a university statement.

After layoffs at Amazon, the Seattle-based e-commerce company announced last week that it has delayed the second phase of construction on its HQ2.

Despite that delay, the Virginia Tech Innovation Campus is on schedule to welcome students into its first academic building in fall 2024, according to a statement provided Monday by a university spokesperson.

A HOLISTIC MODEL THAT WORKS

Direct investments in places and people driving wins while reducing reliance on incentives or tax breaks

- *Intel, Ohio: **\$25,000,000 - workforce***
 - *Workforce training grants through JobsOhio, ensuring significant investments in upskilling workers in a way that will benefit the residents whether or not they stay with the company*
- *Micron, New York: **\$25,000,000 – community, education***
 - *Façade improvements, Syracuse University R&D program, workforce development and workforce attraction, plus \$100,000,000 to create opportunities for residents in underserved communities in Syracuse*
- *Hyundai, Georgia: **\$100,000,000 – education***
 - *New Quick Start Training Center in an existing community college, creating new educational pipelines for residents independent of the company*



PROPOSED LEGISLATION

- ✓ *REFORM SOAR*
- ✓ *UTILIZE THE NEW Make It In Michigan Fund*



Strategic Outreach Reserve Fund (SOAR) – made up of two programs directly benefiting the company and the company’s site

Make It In Michigan Fund– made up of three programs, including direct investments in the community and people in the location a potential project may be located

- 1
 - **CRITICAL INDUSTRY PROGRAM**
 - The Critical Industry Program (CIP) provides qualified investments to qualified businesses for deal-closing, gap financing, or other economic assistance to create or retain qualified jobs as a result of a technological shift in product or production or make capital investments, or both, in Michigan as determined by the MSF board.
- 2
 - **MICHIGAN STRATEGIC SITE READINESS FUND**
 - The Strategic Site Readiness Program (SSRP) provides financial incentives to eligible applicants to conduct eligible activities on, or related to, strategic sites and mega-strategic sites in Michigan, for the purpose of creating a statewide inventory of investment-ready sites to attract and promote investment in Michigan. Administered by MEDC on behalf of the Michigan Strategic Fund (MSF), the SSRP provides access to grants, loans, and other economic assistance.

- 1
 - **MICHIGAN 360**
 - Strategic, targeted investments from the state in direct support of the community, placemaking, and people aligned with the needs of the qualified business to promote their success. Unlike traditional Community Benefits Agreements which require the qualified business to fulfill as a qualification to receive the incentive, Michigan 360 will be state dollars invested directly into qualified expenditures (such as childcare, broadband expansion, education, housing, placemaking, or workforce development) within the sited community
- 2
 - **MICHIGAN STRATEGIC SITE READINESS FUND**
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- 3
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MAKE IT IN MICHIGAN FUND

brings to life the high-level economic development vision introduced by the Governor and legislators at this year's Mackinac Policy Conference

PEOPLE

Key investments in talent, attraction, education, workforce development, or human benefits (such as childcare)

PLACES

Key investments in the places where a project may be located, such as broadband, transit, housing, placemaking

PROJECTS

Site readiness funding and targeted incentives as a final step – a true "closing fund" – to secure investment in Michigan

WHAT IS MICHIGAN 360?

A new fund that will leverage economic development opportunities within the total Make It In Michigan pot that will empower strategic, targeted investments directly in PEOPLE and PLACES

Traditional Community Benefits Agreements

- Places ownership of executing the benefits on the company, leading to **anger and frustration from community** if the company fails to fulfill the CBA agreements
- **Risk that the benefits may never come to fruition** if the company's project changes, is paused, or fails to materialize

Michigan360

required to be at least 20% of all offer packages

- **Direct investments by the state into the community** aligned with the shared goals of the company/project and the community/people
- Empowers the **community as a key partner** at the start of the process
- **De-risks the outcome for the community**: independent Michigan360 investments occur even if the company pauses their project, changes their scope, or fails to materialize
- Flexible based on what community and its people need – such as:
 - Water, internet, power or other infrastructure improvements
 - Expanded childcare
 - Placemaking improvements for residents
 - Programming within local university or community college
 - Expanded transit to ensure people can get to/from the job
 - Building housing to support a growing workforce

MORE PRESCRIPTIVE CRITERIA

designed to increase prosperity and outcomes for people, not just to win projects

SOAR

- **Overly vague** without quantified goals for outcomes
- Views **each project in a silo** without asking how said project – and investment of taxpayer dollars – leads to overall success
- **Lacks unified strategy** for consideration

Make It In Michigan Fund

- Requires MSF/MEDC to justify how each projects brings state of Michigan **closer to goals laid out in MI New Economy Plan**
- Asks how each project brings state of Michigan **closer to equity and climate goals**
- AND requires **local criteria** laid out in initial SOAR legislation, ensuring greater understanding of how singular projects fit into each community **and** our broader statewide prosperity goals

TRANSPARENCY AND ACCOUNTABILITY



Requires disclosure

Of any offers made to a company be disclosed via copies submitted to identified members of the legislature prior to the offer being made; any modifications to offers must be disclosed to legislature at the time of modification



Expands MSF to include legislature

With 4 appointed non-voting members of the Michigan Strategic Fund Board – Majority Chair and Minority Vice Chair of committees as determined by the Majority Leader/Speaker



Prohibits awards to companies not in good standing with the state

Companies with open fines within the state – especially as related to environmental or labor violations – not eligible for award



Maintains transfer

Maintains authority of the legislature to take action on an appropriations transfer vote



Strengthened clawbacks

That returns funding to the General Fund due to clawbacks or breach of written agreement, placing increased emphasis on all parties to use best judgment when considering offers that get into the pipeline with realities of the budget moving forward

ENHANCED REPORTING & OVERSIGHT



Prosperity-metrics oriented annual report

Tracking how all projects advance the state of Michigan towards our shared prosperity goals for residents



Regular evaluation

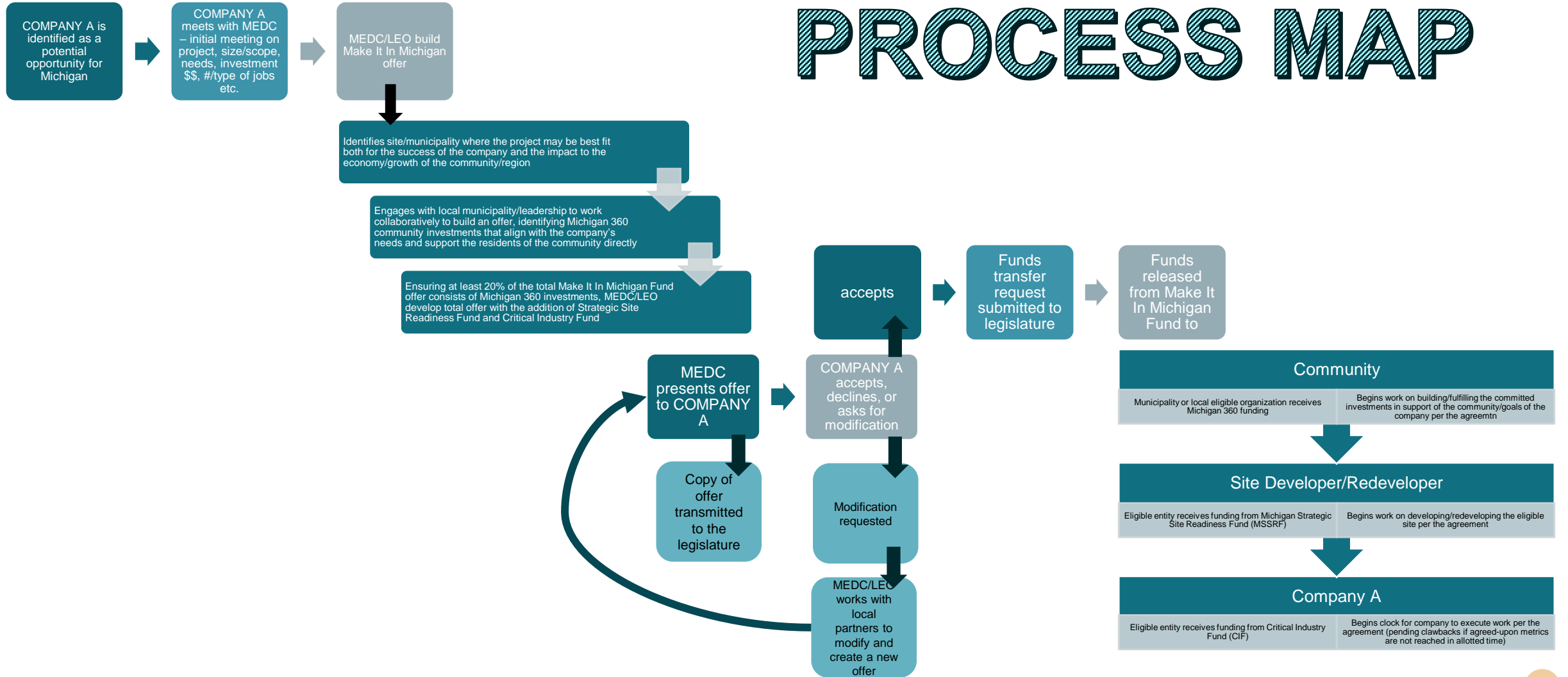
Adds Make It In Michigan Fund and any projects utilizing the programs within (CIP, MSSRF, MI360) to the Economic Incentive Evaluation Act



Quarterly Public Updates

MEDC required to present quarterly in public via the Economic & Community Development Committee and Appropriations Subcommittee, inclusive of progress updates on all Make It In Michigan Fund projects

PROCESS MAP



THANK YOU!

