Michigan Economic Development Corporation

Michigan Strategic Fund

House Commerce Committee
March 8, 2005

Michigan Department of Labor & Economic Growth

MICHIGAN ECONOMIC DEVELOPMENT CORPORATION

A Standard for Economic Development

The MEDC was recognized as **#1 in Statewide Economic Development Strategy** by *Business Facilities* magazine in 2003, after winning an unprecedented four Economic Development Achievement Awards. Del Birch, an award judge and vice president of an economic development consulting firm in Pennsylvania said, "Anyone who has followed economic development 'best practices' in the 1990s knows that the MEDC has been important in reinventing the state of Michigan. **The MEDC is a national leader in all aspects of economic development.**"

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2004 Awards

- *Business Facilities* Economic Development Awards:
  - State Level Award, Silver: Michigan Technology Tri-Corridor initiative
  - Public/Private Partnership Award, Silver: retaining the Ford Focus and other new vehicle production in Wayne.
- *Business Facilities* 2004 Big Deal Award
  - MEDC's successful effort to retain 7,000 Ford workers in Wayne using a MEGA retention credit. Another 11,400 indirect jobs are also expected to be saved as a result.

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2004 Awards

- #1 State for New Major Corporate Facilities and Expansions (*Site Selection* magazine ranking, cumulative 1997-2004)
- #1 State Incentives and Economic Development Agency (Pollina Corporate Top-10 Pro-Business States Ranking)
- #6 State for Direct Foreign Investment (*Plants, Sites & Parks* magazine)
- #6 Most Friendly State for Small Businesses (Small Business & Entrepreneurial Council Survival Index)

2004 Awards

- International Economic Development Council awards:
  - General Purpose Promotion
  - Technology-Based Economic Development Marketing
  - Awareness Campaign: Telling Michigan's Story
  - Partnership Award
  - Leadership Award for Public Service – Don Jakeway

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MEDC Mission

The Michigan Economic Development Corporation, a partnership between the state and local communities, promotes smart economic growth by developing strategies and providing services to create and retain good jobs and a high quality of life.

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Establishment of the MEDC

- Formed in April 1999 through an Interlocal Agreement authorized under the Urban Cooperation Act of 1967, which allows the Michigan Strategic Fund and local economic development agencies to join together.
- Currently 60 EDCs have signed the Interlocal Agreement.
- Established to promote proactive economic development programs and encourage intergovernmental cooperation to help Michigan better compete in the marketplace.
- 20-member executive committee comprised of business, university, and economic development leaders representing diverse backgrounds.
- The result has been an innovative, nationally acclaimed, award winning model that other states have now patterned their economic development efforts after.

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Job Creation, Retention and Attraction Tools

MEDC Account Managers:

- Serve as a vital link between businesses and State.
- Over 5,000 personal visits to businesses statewide annually.
- Help ensure businesses are satisfied customers and continue to grow here at home.
- Help identify potential out-of-state businesses that are congruent with Michigan business sectors or diversification plan.
- Make contacts with businesses that have specific site requirements for relocation in the state.

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Job Creation, Retention and Attraction Tools

MEDC Account Managers (cont.):

- Trained to help businesses identify potential opportunities for expansion, cost savings and other improvements.
- Also trained to help identify potential problems before they become more serious. Countless companies have pointed to retention visits as a reason layoffs, plant closings, or relocations have been avoided.

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Job Creation, Retention and Attraction Tools

Michigan Economic Growth Authority (MEGA):

- Provides a tax credit against the Single Business Tax for up to 20 years to companies expanding in Michigan, relocating their operations to Michigan or retaining jobs in the state.
- Michigan-based companies must create at least 75 net new jobs while companies new to the state must create at least 150 new jobs to qualify for a regular MEGA. Retention MEGA credits are for companies that retain a minimum of 500 jobs and make new investment in the state.
- Rural and High Tech MEGA credits are also available thanks to recent Legislative action that extends the sunset on this important economic development tool.
- **For every dollar of foregone SBT revenue in the MEGA program, the return on investment in net positive state revenues is more than $4.20** (Regional Economic Model Inc. model projection).

Examples of 2004 MEGA Projects

Project	Location	Type	Jobs	Impact
DaimlerChrysler Corp.	Auburn Hills	Retention	20,782	$487 million
Federal-Mogul	St. Johns/Greenville	Retention	9,544	$479 million
General Dynamics	Sterling Heights	MEGA	505	$24 million
Global Engine Alliance II	Dundee	MEGA	842	$64 million
GM Powertrain	Warren	Retention	2,241	$214 million
GM Truck	Flint	Retention	10,917	$517 million
Grupo Antolin	Marlette	MEGA	310	$10.4 million
Haworth	Multi-site	MEGA	2,414	$88 million
INCAT Systems	Novi	High Tech	535	$13.8 million
Kellogg Company	Battle Creek	MEGA	538	$9.6 million
Meridian Automotive	Fowlerville	MEGA	681	$24.7 million
Mobius Microsystems	Detroit	High-Tech	1,594	$21.5 million
Quicken Loans	Troy	MEGA	5,895	$280 million
Saturn Electronics	Coopersville	High Tech	247	$22.5 million
Steelcase Wood Plant	Kent County	MEGA	700	$2.9 million

(job figures include both direct and indirect jobs created or retained)

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Job Creation, Retention and Attraction Tools

Tax-Free Renaissance Zones:

- This innovative concept originated here in Michigan and has been duplicated nationwide.
- Businesses and residents in the zones do not pay Single Business Tax, state personal income tax, state education tax, local personal property tax, local real property tax, or local income tax.
- Renaissance Zones have spurred more than $2.4 billion in private investment in over 400 projects and the creation of 8,200 jobs. New industrial, commercial and residential development has occurred in areas previously thought unattractive for development.
- In 2004 the MEDC awarded Kellogg an Agricultural Renaissance Zone designation for moving the former Keebler Snacks Division to Michigan from Illinois.
- There are still 10 Agricultural Renaissance Zone designations remaining.
- First round of new Tool and Die Recovery Zones announced in December, benefiting 33 companies in eight cooperative coalitions.

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Job Creation, Retention and Attraction Tools

Economic Development Job Training (EDJT):

- Helps ensure Michigan has a qualified workforce and the training resources to help retain and attract businesses and quality jobs.
- Business Response Program (BRP): Companies awarded these grants must maintain or attract permanent jobs for Michigan residents or provide training to companies trying to comply with customer mandates in areas such as quality, environmental and technology, cost reduction and efficiency improvements.
- Manufacturing Competitiveness Program (MCP): These funds are awarded to collaborative efforts that increase the competitiveness of multiple companies including vulnerable and high potential segments of the manufacturing sector.
- In 2004, over $9.6 million in grants was awarded, providing training for 15,531 existing employees and 1,722 new hires.

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Job Creation, Retention and Attraction Tools

Michigan SmartZones:

- 11 high-tech clusters, mostly located near universities, that serve as centers of innovation and technology transfer.
- Have already attracted 110 company locations or expansions and investment of $230 million, with 7 new business accelerator facilities.
- Designed to provide unique environments for the creation and growth of technology-based businesses.

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Job Creation, Retention and Attraction Tools

Community Development Block Grants (CDBG):

- These federal pass-through grants help fund economic development projects submitted by local communities and approved by the Michigan Strategic Fund Board.
- By federal mandate, the program serves non-entitlement communities, typically with populations under 50,000.
- $24 million in grants were offered last year to 84 communities, resulting in the expected creation of 1,466 jobs and private investment of $202 million.

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Examples of recent CDBG projects

Project	Location	Amount
Bagley Township A & L Iron Infrastructure Project	Otsego Co.	$255,145
Baldwin Village Towne Central Downtown Dev. Project	Lake Co.	$220,000
Deckerville Village Trim Trends Infrastructure Project	Sanilac Co.	$300,000
Dowagiac City Downtown Market Study Grant	Cass Co.	$10,000
Garfield Twp. Britten Media Group Infrastructure Project	Gd Traverse Co.	$183,427
Grand Haven City Washington Avenue Infill Project	Ottawa Co.	$700,000
Grayling City D&K Industries Infrastructure Project	Crawford Co.	$323,440
Greenville City Industrial Park Expansion Project	Montcalm Co.	$500,000
Hancock City Finlandia Incubator Project	Houghton	$360,000
Handy Township Aisin Holdings Infrastructure Project	Livingston Co.	$1,000,000
Hastings City Downtown/Gateways Project	Barry Co.	$260,000
Hillsdale County Planning Grant	Hillsdale Co.	$30,000
Jackson County Armory Arts Infrastructure Project	Jackson County	$750,000
Onaway City Sewer/Water Project	Presque Isle Co.	$582,350
Pellston Village Downtown Revitalization Project	Emmet Co.	$174,085
Saginaw County Downtown/Gateway Project	Saginaw Co.	$222,500

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Job Creation, Retention and Attraction Tools

Industrial Development Revenue Bonds:

- Tax-exempt bonds that provide small and medium sized manufacturing and other eligible projects access to long-term, private financing at below-market rates.
- Can be utilized for capital improvements, including new building construction, rehabilitation of existing facilities, or acquisition of land, machinery, and equipment.
- The Michigan Strategic Fund Board approved the issuance of more than *$250 million in bonds for projects in 2004 that will help support economic development programs in the state in coming years.

(*includes non-profit and refunding/refinancing projects)

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Community Development Tools

Michigan Main Street Program:

- The National Main Street Center has been working with communities across the nation to revitalize their historic or traditional commercial areas. Communities selected to participate are educated in the four-step Main Street approach that includes design, organization, promotion and economic restructuring.
- Recipients in 2003-04 were Boyne City, Calumet/Calumet Township, Clare, Marshall, Muskegon, Niles and Portland

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Community Development Tools

Blueprint for Michigan's Downtowns:

- Uses federal block grant funds in a cooperative effort with the Michigan State Housing Development Authority, the Michigan Municipal League and local communities to develop a downtown economic development action agenda for each designee with the expertise of national downtown consulting firm HyettPalma.
- 2004 recipients were Charlotte, Fremont, Highland Park, Houghton, Howard City, Imlay City, Ionia, Linden, Menominee, Saline and Wayland.

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Community Development Tools

Community Assistance Team (CAT):

- This team of specialists works with communities to provide consulting on a variety of economic development issues.
- Provide assistance to developers in understanding the state's various economic development programs.
- Manage and package projects to encourage redevelopment of obsolete facilities and redevelopment of contaminated sites.
- Assist communities with strategic planning and visioning regarding economic development.

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Community Development Tools

Brownfield Redevelopment:

- This program offers Single Business Tax credits for projects which redevelop contaminated, blighted, or functionally obsolete properties.
- Improvements to property eligible for the credit include construction, restoration, renovation, demolition, or improvements of buildings as well as the addition of machinery and equipment.
- Tax Increment Financing (TIF) also can be offered to allow a project to capture state and local property taxes to pay for costs related to rehabilitating brownfield sites.

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Technology Tri-Corridor

Life Sciences:

- Michigan has the fastest growing Life Sciences industry in the nation.
- 95 new companies in this sector have made Michigan their home in the last four years, giving us over 570 companies with over 25,000 workers in the field.
- Michigan's Life Sciences industry has achieved over $4.8 billion in sales over the past 4 years.

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Technology Tri-Corridor

Advanced Automotive Technologies:

- This annual competitive award program is for businesses that promote advancements in the automotive industry, such as: improving safety, product quality and durability, improving vehicle efficiencies and manufacturing productivity, promoting alternative energy technologies and creating environmentally conscious solutions.
- More than 1,000 companies are now related to Advanced Automotive Technologies in Michigan.

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Technology Tri-Corridor

Homeland Security:

- This annual competitive award program is for companies that provide: risk detection and security equipment for public and private locations, intelligence-gathering and information-sharing technology and equipment, emergency communication technology and devices, detection, diagnostic, and treatment equipment for biological and chemical attacks.
- Approximately 100 companies have been identified in the Homeland Security sector in Michigan.

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Increasing International Trade

- Strengthening Michigan's presence in the international marketplace with two-pronged approach:
  - 1. Helping Michigan companies take advantage of global opportunities
  - 2. Increasing international investments to Michigan.
- New, stand-alone International Business unit
- Recent German and Asian investment missions

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Travel Michigan

michigan.org

- Independent research estimates that **for every $1 allocated to State tourism promotion, there is $2.28 returned to the State treasury in tax revenues.**
- Visitors spend $16 billion a year traveling in Michigan, generating $853 million in state taxes.
- The tourism industry accounts for over 182,000 jobs statewide.
- 5 million brochures are distributed annually at Travel Michigan's 13 Welcome Centers.

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Travel Michigan

michigan.org

- michigan.org is the central location for state tourism and tourism-based businesses:
  - 29% increase in inquiries on the site in 2004.
  - Visitors to the site used it to link to the sites of Michigan businesses 2.6 million times last year (an average of >7,000 times per day).
  - Total Web sessions topped 5 million for the first time.
  - 2/3 of consumers who get information from the website end up traveling to or in Michigan.

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Appendix

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MEDC Interlocal Partners

Economic Development Corporation of the City of Albion
Economic Development Corporation of the City of Alpena
Arenac County Economic Development Corporation
Economic Development Corporation of the City of Bay City
Berrien County Economic Development Corporation
Calumet Township Economic Development Corporation
Economic Development Corporation of the County of Cass
Economic Development Corporation of the County of Cheboygan
Economic Development Corporation of Chippewa County
Clinton Township Economic Development Corporation
City of Coldwater Economic Development Corporation
Economic Development Corporation of the City of Dearborn
Economic Development Corporation of Delta Charter Township
Economic Development Corporation of the City of Detroit
Economic Development Corporation of the City of East Lansing
City of Farmington Hills Economic Development Corporation
Economic Development Corporation for the City of Gladwin
Economic Development Corporation of the City of Grand Rapids
Economic Development Corporation of the County of Gratiot
City of Hancock Economic Development Corporation
Huron County Economic Development Corporation
Iron County Economic Development Corporation
Economic Development Corporation of the County of Isabella
Ionia County Economic Development Corporation
Economic Development Corporation of Jackson County
City of Kalamazoo Economic Development Corporation
Kalamazoo County Economic Development Corporation
Kentwood Economic Development Corporation
Economic Development Corporation of the City of Lansing
Economic Development Corporation of the County of Lapeer

MEDC Interlocal Partners

Economic Development Corporation of Leelanau County
Economic Development Corporation of the County of Lenawee
Luce County Economic Development Corporation
Economic Development Corporation of Mackinac County
Economic Development Corporation of Manistee County
Economic Development Corporation of the County of Marquette
Mason County Economic Development Corporation
Economic Development Corporation of the County of Midland
Economic Development Corporation of the County of Montmorency
Muskegon (County) Economic Development Corporation
Charter Township of Northville Economic Development Corporation
City of Novi Economic Development Corporation
Economic Development Corporation of the County of Oakland
Oceana County Economic Development Corporation
Ogemaw County Economic Development Corporation
Ontonagon County Economic Development Corporation
Oscoda County Economic Development Corporation
Economic Development Corporation of the County of Ottawa
Economic Development Corporation of Presque Isle County
Economic Development Corporation of the County of Saginaw
Saint Joseph County Economic Development Corporation
Economic Development Corporation of the County of Sanilac
Schoolcraft County Economic Development Corporation
Economic Development Corporation of the County of Shiawassee
Economic Development Corporation of the City of Sterling Heights
Economic Development Corporation of the City of Sturgis
Tuscola County Economic Development Corporation
Van Buren County Economic Development Corporation
Economic Development Corporation of the Charter County of Wayne
City of Wyoming Economic Development Corporation

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MEDC Corporate Partners

American Electric Power Company
Battle Creek Area Chamber of Commerce
Battle Creek Unlimited
Bay Economic Development Corporation
Big Rapids Area Industrial Development Corporation
Branch County Economic Growth Alliance
Cadillac Area Chamber of Commerce
Central Upper Peninsula Planning and Development Commission
Coloma-Watervliet Area Economic Development Corporation
Consumers Energy
Delta County Economic Development Alliance
Detroit Edison Company
East Central Michigan Planning and Development Regional Commission
Eight Mile Boulevard Association
Flint Genesee Economic Growth Alliance
Forward Wakefield
The Chamber of Commerce Grand Haven, Spring Lake, Ferrysburg
Hillsdale County Industrial Development Commission
HP Devco, Incorporated
Keweenaw Industrial Council
Kyonggi Province Development Council, Korea Trade Center
Lakeshore Advantage Corporation
Lansing Regional Chamber of Commerce
Economic Development Council of Livingston County
Livonia Economic Development Partnership
Marshall Area Chamber of Commerce/Marshall Area Development Alliance
Michigan Community College Association
Mecosta County Development Corporation
Michigan Downtown & Financing Association
Michigan Electric Cooperative Association
Michigan Hispanic Business Alliance

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MEDC Corporate Partners

Michigan Manufacturing Technology Center
Michigan Small Business & Technology Development Center
Michigan State University Extension
Michigan Virtual University
Middle Michigan Development Corporation
Monroe County Chamber of Commerce
Monroe County Industrial Development Corporation
Muskegon Area First
National Center for Manufacturing Sciences
Newaygo County Economic Development Office, Inc.
Northeast Michigan Council of Governments
Northern Initiatives
Northern Lakes Economic Alliance
Otsego County Economic Alliance
Regional Economic Development Team, Inc.
The Right Place, Inc., Grand Rapids
Saginaw Future Inc.
Shiawassee Regional Chamber of Commerce
Southeast Michigan Council of Governments
Southern Wayne County Chamber of Commerce
Southwestern Michigan Commission
Southwest Michigan First
Target Alpena Corporation
Traverse Bay Economic Development Corporation
Upper Peninsula Economic Development Alliance
Warren-Centerline-Sterling Heights Chamber of Commerce
Washtenaw Development Council
West Michigan Regional Planning Commission
West Michigan Shoreline Regional Development Commission
Western Upper Peninsula Planning and Development Regional Commission
Woodward Avenue Action Association, Inc.