



# GoodJobs

For Michigan

## GET THE FACTS

This is a jobs issue. Michigan needs a business attraction program that can compete with other states, like Indiana and Ohio, to bring more good-paying jobs to Michigan.

Under the Good Jobs for MI legislation, Senate Bills 242-244:

- Business expansions or new locations that create a minimum of 500 **NEW** jobs and pay wages at 100% or more of the regional average wage would be eligible to capture up to 50% of the personal income tax withholdings of the new employees for up to five years.
- Business expansions or new locations that create a minimum of 250 **NEW** jobs and pay wages at 125% or more of the regional average wage would be eligible to capture up to 100% of the personal income tax withholdings of the new employees for up to 10 years.
- There is a cap of 15 projects per year with a rolling cap of \$250M for all projects.

**This is the marketplace.** Most states across the nation – with Republican and Democratic Governors alike – view and use incentives as an essential tool for creating new jobs and revenue – and treat economic development as a non-partisan issue. This is true of Michigan’s closest competitors like Indiana, Ohio and Wisconsin, as well as states in the South, including Georgia, South Carolina, Tennessee and Texas.

**It’s a net revenue gain.** This is not a cut to the personal income tax – the jobs would not be here without the incentive. While the state will forego some personal income tax revenue in the short-term, these revenues will accrue to the state over the long-term. In addition, our local schools and communities will benefit from added property tax and sales tax revenues from increased economic activity.

**It’s performance based.** The company will pay the personal income tax each year until it meets the minimum job threshold required. Disbursements will only be made for the years that the state verifies the employer has fulfilled the job goals required.

**It’s a simple program that’s transparent and predictable.** The program details will be public information and businesses will not benefit unless jobs are created.

### We can – and must – do more.

Michigan has made great progress in the last five years to create a more competitive business environment.

- State debt has been reduced.
- Budgets have been responsible, timely and fiscally sound.
- The change from the Michigan Business Tax to a simple Corporate Income Tax made the state’s business tax climate among the best in the country.

The result – Michigan has created more than 480,000 private sector jobs. However:

- Michigan is still about 300,000 jobs below peak employment before the Great Recession.<sup>1</sup>
- While per capita income has grown faster here than in most states, our per capita personal income level still ranks only 33rd among all states.<sup>2</sup>

Many of the states we compete with have business climates as good as Michigan’s **AND** have stronger economic development tools than we have.

- Michigan and Alaska are the only two states that have a corporate income tax and offer no tax credits.<sup>3</sup>
- Competing states, such as Georgia, Indiana, Kentucky, Ohio, South Carolina, Tennessee, Texas and Wisconsin offer up to seven times more incentives.<sup>4</sup>
- Michigan’s current cash incentives program is competitive for small and medium-sized projects – averaging 133 jobs per project since January 2012<sup>5</sup> – but has no programs for larger projects like nearly all other states do.

<sup>1</sup> Bureau of Labor Statistics  
<sup>2</sup> Bureau of Economic Analysis  
<sup>3</sup> Tax Foundation, Oct. 2013 – Nevada, South Dakota and Wyoming Have no corporate income tax.  
<sup>4</sup> The Michigan Economic Development Corporation  
<sup>5</sup> Ibid.