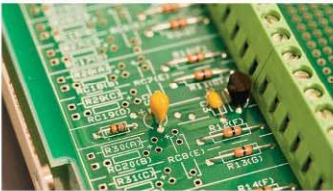
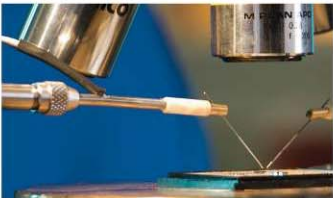


# The Michigan Advantage

Eric Shreffler – New Markets



**MICHIGAN**  
ECONOMIC DEVELOPMENT CORPORATION  
THE UPPER HAND



# Contents

- **MEDDC Overview**
- **German Influence in MI**
- **Why Wind in MI**
- **Incentives**

# ABOUT THE MEDC



*The MEDC promotes smart economic growth by developing strategies and providing services to create and retain good jobs and a high quality of life.*

- Partnership between State of Michigan and local communities.
- One-stop resource for business retention, expansion, relocation projects.
- Direct control over the resources and programs.
- Structure allows for speed, continuity and flexibility.

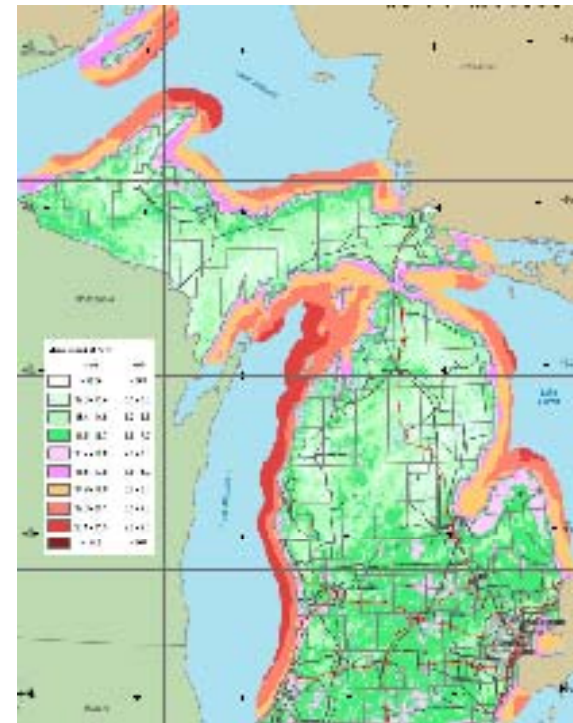
# International Business Strengths – Focus on Germany

- More than 350 German companies with corporate presence in Michigan.
- #1 in nation in number of workers employed by German-owned subsidiaries (78,100)
- German-owned affiliates account for 38.9 percent of the 201,000 jobs created by international companies in Michigan.
- #1 in nation in capital stock investment by German-owned subsidiaries (\$24 billion in plant, property and equipment).  
U.S. Bureau of Economic Analysis/German Embassy

# Why Wind in Michigan!

Michigan is ranked 14<sup>th</sup> overall state in wind generation potential – does not include offshore.

World class manufacturing ranked 4<sup>th</sup> overall in potential in wind system production capacity



Combining Rankings: **Michigan ranks 2<sup>nd</sup> in the nation in overall wind impact!**

# Why Wind in Michigan!

## Renewable Portfolio Standard

*(proposed by Governor Granholm and moving through state Legislature)*

- **10 percent by 2015**
- 20 percent by 2025

**Will generate demand for  
over 1100 new turbines!**

Michigan's manufacturing  
industry primed for the wind  
growth



# 21<sup>st</sup> Century Jobs Fund



A \$2.0 billion, long-term focus on growing and diversifying our economy with emphasis on developing competitive edge technologies.

Areas of focus:

- Alternative energy
- Life sciences
- Advanced automotive
- Homeland security/defense

## ***Financial Incentives***

- **Renaissance Zones Available**
  - Wavier of State & Local taxes (up to 12 years)
    - State Personal Income Tax
    - State Michigan Business Tax
    - State Education Tax
    - Local Real Property Tax
    - Local Personal Property Tax
  - Expansion of Renewable Energy zones

# ***Financial Incentives***

- **MEGA Tax Credits**

- May be awarded for..

- 100% of personal state income tax generated by new workers
- Up to 20 years

- If in Ren Zone, credit becomes direct payment to company

- **CDBG Grant funds**

- Purchase of machinery and equipment
- Training of Personnel

# ***Financial Incentives***

- **New “Anchor” MEGA (*PA 92 of 2008*)**
  - Designates an anchor company
    - Has influence over supply chain and/or customers
    - Helps to bring/grow jobs to Michigan
  - Captures personal income tax of new workers and refunds back to the anchor
    - Tax liability offset
    - Refundable credit
    - Carryforward

# ***Financial Incentives***

- **New “Anchor” MEGA (cont)**
  - 5 anchors allowed per year
  - Captures PIT for up to five years
  - Anchor has up to 5 years to claim credit
  - Suppliers and customers
    - Must create at least 10 new jobs
    - Must have made a new investment of \$1M

# *Financial Incentives*

- **New “Anchor” MEGA (cont)**

- Example

- Co A is Anchor
- Co B locates to MI because of anchor, creates 30 new jobs at \$50k/year
- Co C expands in MI because of anchor, creates 50 new jobs at \$50k/year
- Tax rate of 4.35%
- $\$50K \times 80 \text{ (jobs)} \times 4.35\% = \$174k$
- **Co A receives \$174k refundable tax credit**