

GOOD JOBS FOR MICHIGAN PROGRAM

WHAT IS IT

The Michigan Strategic Fund (MSF) board may authorize State Withholding Tax Capture Revenues under the Good Jobs for Michigan Program (the “program”) for businesses that provide certified new jobs in Michigan. The MSF may execute up to 15 written agreements per year, any unused written agreements will carryforward to future years. The MSF board may not commit more than \$200 million in total withholding tax capture revenues under the program.

WHO IS ELIGIBLE

Eligible businesses may apply for assistance under the program if all of the following are met:

- The eligible business proposes to create and maintain one or more of the following in Michigan within five years after entering into the written agreement:
 - » A minimum of 3,000 certified new jobs with an average annual wage that is equal to or greater than the prosperity region average wage;
 - » A minimum of 500 certified new jobs with an average annual wage that is equal to or greater than the prosperity region average wage; or
 - » A minimum of 250 certified new jobs with an average annual wage that is equal to 125 percent or more of the prosperity region average wage.
- The eligible business agrees to maintain the number of full-time jobs equal to or greater than the number of full-time jobs it maintained in the state prior to expansion or location, or any full-time jobs it acquired through a merger or acquisition that were located in the state prior to the expansion or location throughout the duration of the written agreement;
- The eligible business will maintain the number of certified new jobs throughout the duration of the written agreement. If the authorized business fails to maintain the requisite number of certified new jobs, the authorized business will forfeit the state withholding tax capture revenues for that year.
- The local governing body of the municipality in which the facility is located approves the expansion or new location by resolution;
- The plans for the expansion are economically sound;
- The expansion or location of the eligible business will increase employment opportunities and strengthen Michigan’s economy;
- Assistance under this program is an incentive to expand or locate the eligible business in Michigan and address the competitive disadvantages with sites outside this state; and

- The expansion or location of the eligible business will result in a positive fiscal impact to the state.

HOW DOES IT WORK

The MSF may authorize state withholding tax capture revenues of up to 50 or 100 percent for up to five or 10 years, depending on the average annual wage and the number of certified new jobs created by the authorized business.

In order to be eligible for up to a five-year 50 percent capture, the business must create 500 certified new jobs with wages that are equal to or greater than the regional average wage.

Projects that result in 3,000 new jobs that pay wages that are equal to or greater than the regional average wage or projects that result in 250 new jobs that pay 125 percent of the regional wage are eligible for up to 100 percent capture for up to 10 years. Additionally, projects that meet the 3,000 job requirement are eligible to count primary supplier jobs, only if they meet the minimum requirement first.

The MSF shall enter into a written agreement with the eligible business with terms and conditions in accordance with the program legislation and program guidelines and otherwise satisfactory to the MSF board. The written agreement shall include at a minimum all conditions imposed upon the authorized business; a certification from the authorized business the certified new jobs would not be created without assistance under the program, the estimated annual withholding tax capture to be generated; the duration and amount of assistance under the program; revocation and repayment requirements if the authorized business does not comply with the written agreement; method for verifying and measuring certified new jobs; and an audit provision that allows for the verification of the timely completion or satisfaction of the agreement requirements and investment.

The MSF shall issue a withholdings certificate each calendar year to the authorized business with the amount of withholding tax capture revenues to be paid for that calendar year. The MSF shall receive 5 percent of the withholding tax capture revenue payments authorized in any given year for administrative expenses. If the authorized business fails to satisfy and maintain the minimum number of certified new jobs, the authorized business will forfeit its withholding tax capture revenue payment for that calendar year.

CONSIDERATIONS

The MSF board will consider assistance under the program or projects that will result in major qualifying investments and/or job creation in Michigan. The following factors may be considered:

- Out-of-state competition
- Net-positive return to this state
- Level of investment
- Business diversification
- Shovel-ready projects
- Reuse of existing facilities
- Near-term job creation
- Level of wages for new jobs
- Employer provided benefits
- Whether the project is located in a distressed or targeted community
- Strong links to Michigan suppliers

FEES

In order to support its reasonable costs and expenses in administering the program, the MSF has established the following fee schedule:

- Application fee: \$10,000
- Amendment/transfer/assignment fee: \$5,000
- Administrative fee: 5 percent of the withholding tax capture revenue payments authorized by the MSF

To receive consideration for funding under the Good Jobs for Michigan program, initial contact should be made with your local economic development office or the MEDC business development manager assigned to your territory. You may also contact the MEDC customer contact center at 517.373.9808 or visit our website at www.michiganbusiness.org.