

HIRE MI Bills: HB 5413, 5414, 5415

Q: How much will this cost the General Fund?

A: This is not a request for new funding. The financial support for this program comes from a tax capture withholding from the creation of new jobs directly supported by the project. This means there is no General Fund spending impact to the State. HIRE MI will also be instrumental in securing these projects - and the tax revenue they will generate - in Michigan, instead of other states. Without HIRE MI, the General Fund would not realize any future revenue from these projects either.

Q: How long will it take for this program to impact the budget?

A: It would take an anticipated 3-5 years for companies to fully ramp up construction and hiring to the point where they would be able to submit for a reimbursement under the HIRE MI program. During that ramp up time, they will be contributing state and local revenue through business taxes, property taxes, construction sales & use taxes and employment taxes. Then, for 5-10 years the company would recognize the benefit of the employment tax reimbursement, while also still paying all other relevant state and local taxes. After that point, the project becomes a source of significant new long-term revenue at both the state and local level.

Q: Won't this take funding away from education, housing or other priority areas in the budget?

A: HIRE MI is paid for by reimbursing actual employment taxes paid by the company on eligible, new jobs directly supported by the project. This means it does not take away any resources that would otherwise exist for other efforts, including housing and education. In fact, the program builds a foundation for significant new long-term revenue at both the state and local level once the term of the incentive is complete.

Q: How do we make sure the companies are creating the jobs they commit to?

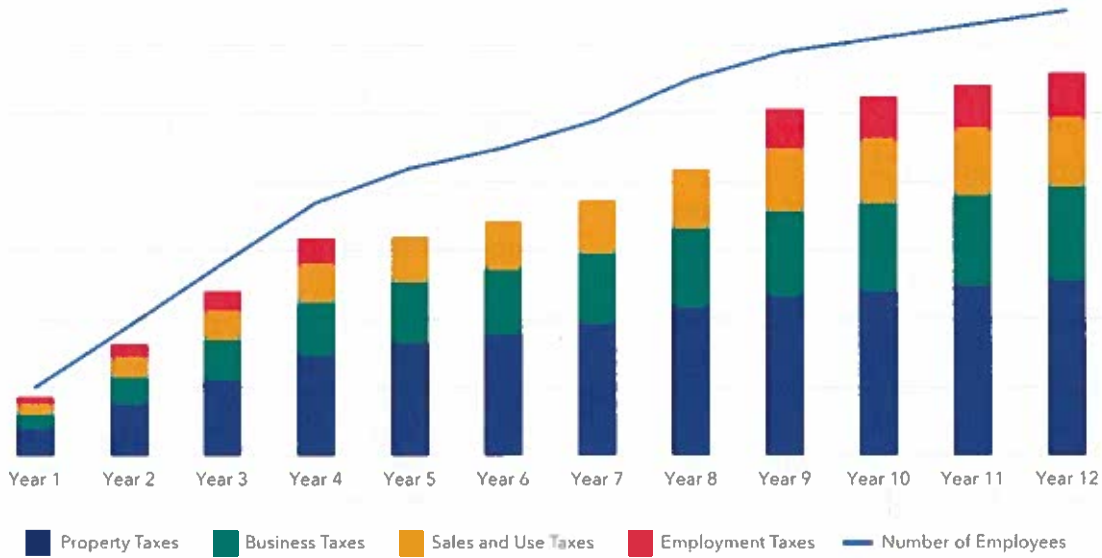
A: HIRE MI has built in enforcement - the company only receives reimbursement for actual employment taxes paid. If there are no wages paid and no employment taxes paid there are no dollars with which to be reimbursed. Bottom line - if the company does not create and maintain the minimum number of required jobs and pay the wages, they receive no funding through HIRE MI.

Q: What taxes will companies be able to apply this reimbursement on direct, qualified jobs to?

A: Companies will apply this reimbursement to employment taxes, once they are fully ramped up (est. 3-5 years), and through the terms of their contract (est. 5-10 years). All other taxes paid, including business taxes, property taxes and sales and use taxes will go in full into the General Fund from the first year forward.



Illustration of Project Tax Flow Under HIRE MI



**Estimated taxes for visual purposes only to show construction, job ramp up, and reimbursement period under HIRE MI*

Michigan Business Development Program	HIRE MI HB 5413-15	Critical Industry Program (SOAR)
Three-year term	Five-year to ten-year term	No set term period
\$10 million cap per project	\$200M annual cap	Overall program cap of \$500 million FY24, but no per project cap
Performance-based cash grants, with clawback provisions	Built-in compliance: Failure to maintain required job numbers results in forfeit of withholding tax capture	Performance-based cash grants, with clawback provisions
<ul style="list-style-type: none"> • 50 job minimum with no location requirements • 25 job minimum in counties with population less than 90,000 (rural MBDP) • 25 job minimum for projects that fall within an "innovation industry" (innovation MBDP) • <25 job minimum for project that meets specific location or industry criteria (micro MBDP) 	<ul style="list-style-type: none"> • A minimum of 250 certified new jobs in the State with a median annual wage that is equal to 125% or more of the prosperity regional median wage. • A minimum of 25 certified new jobs in the State with a median annual wage that was equal to 150% or more of the prosperity regional median wage. 	Significant job creation expected - requires state support exceeding what is available through other job creation tools

No Wages = No Employment Taxes Paid
 No Employment Taxes Paid = No HIRE MI Reimbursement



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