

# House New Economy and Quality of Life Committee

The Honorable Ed Clemente, Chair

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# Why is Economic Development Important to our Future

- Fosters and stimulates economic investment and business growth in Michigan.

Announced	2009	2006-2009 Avg	2002-2005 Avg	1998-2001 Avg
Direct Jobs Created	36,093	30,206	16,939	5,640
Direct Jobs Retained	53,724	39,992	45,389	16,305
Indirect Jobs Created	29,540	38,551	31,357	10,543
Indirect Jobs Retained	38,613	76,088	101,873	38,122
Total Jobs	163,504	186,220	195,557	70,608
Total Projects	248	138	101	24
Total Private Investment	11,012,390,134.40	8,530,235,147.44	4,725,045,020.63	2,021,404,617.75

# Why is Economic Development Important to our Future

- Provides a network of resources to small, medium and large businesses

## Capital Markets

- **Michigan Life Sciences Corridor**, 2000-2003: \$168.4 million – mission of positioning Michigan as a “top 5” life sciences state
- **Michigan’s Technology Tri-Corridor**, 2004-2005: \$48.9 million – mission to foster growth in life sciences, advanced automotive technologies and homeland security
- **21<sup>st</sup> Century Jobs Fund**, 2006-Present: \$168.3 million – designed to reshape and diversify by sparking new investment, commercializing technologies and leveraging outside investment for new job creation

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## Capital Markets

- Pre-Seed Funds
- Angel Tax Incentive
- Invest Michigan
- Loan Enhancement Program
- Venture Michigan Fund
- Defense Contracting and Coordination Center

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## Service Providers

- **Small Business Technology Development Centers** – 12 regional offices providing direct business assistance
- **Procurement Technical Assistance Centers** – 13 regional offices provide defense contracting assistance to Michigan businesses (an increase from \$239 million in FY 2002 to \$646 million in FY 2009)
- **Michigan Manufacturing Technical Centers** – 6 regional offices connecting Michigan's manufacturing businesses to the best practices and technologies available (including LEAN, Six Sigma, market diversification, strategic planning, etc.)

# Why is Economic Development Important to our Future

- Supports the creation of strong, attractive, business centric cities
  - Brownfield Redevelopment Program
  - Community Development Block Program
  - Community Action Team
  - Tourism Marketing and Promotion
  - Urban Development Assistance

# Why is Economic Development Important to our Future

- Provides jobs and a superior quality of life for future generations
  - Sense of Pride
    - Pure Michigan Marketing Campaign (*\$2.23 National ROI, \$5.34 Regional ROI*)
    - Upper Hand Marketing Campaign (*77% C-level executive awareness*)
  - First ever Advanced Energy Storage Industry here in Michigan (*\$5.7 Billion in Private Industry Investment, 54,237 projected new jobs*)
  - Solar Valley (*Solar industry has added \$2.81 Billion Private Industry Investment, 21,592 projected new jobs*)

# Multiple Perspectives

Over time one thing never changes..... Everyone (and every administration) has a different opinion about the best way to grow the economy

Examples include:

- A strong business climate eliminates the need for incentive tools
- Competitive incentive tools eliminates the need for a strong business climate
- An average business climate and competitive incentive tools is the best combination
- A “Top 10” business ranking and competitive incentive tools will do it
- Etc....



# Reality is.....

- Strong economic climates include ....
    - A competitive business climate
    - Competitive incentive tools
    - Strong network of colleges and universities
    - Skilled workforce
    - Inviting place to live, work, and play
- ..... And some strong national rankings don't hurt

# Michigan Economic Development Corporation (MEDC)

- The state's economic development agency
- Public body corporate
- Created under John Engler in 1999
- Total FY 2010 budget
  - General Fund \$27.1 million
  - Federal Funds \$65.9 million (CDBG)
  - Tobacco Settlement \$28.5 million
  - Corporate Revenue \$28.1 million

# Factors for Future MEDC Economic Success

- **Continuity and stability** – *economic development activities take years for efforts to materialize, Michigan needs to build upon successes*
- **Impact** - *tools and outcomes must directly align*
- **Visibility** – *organization must have direct access and reporting to the Governor and ongoing interaction with the legislature*
- **Strong Business Policy** – *legislative policies that lend to a favorable business climate*

# Policies Impacting Business Climate

- **Workforce** — *Michigan is at risk due to age, demographics, and out migration*
- **Cost of Doing Business** — *Michigan needs a competitive business tax climate*
- **Energy Costs** — *Identify a rate structure that can be designed to maximize energy use optimization and work with customers to reduce energy consumption*
- **Infrastructure** — *Improvement of logistical transportation, public transportation, roads, and highways*
- **University and Intellectual Infrastructure** — *Increase focus between MEDC and URC to share policy issues related to tech transfer*

# Summary

- Michigan has more work to do to rebuild our economy
- Michigan has a nationally recognized economic development foundation to build upon.
- We need strong bi-partisan, legislative policy that improves our business climate
- We need to continue to identify economic development opportunities that build upon Michigan's unique strengths and assets.

