

Gratiot County Tax Track 2017

The Tax Track is conducted on an annual basis by staff at Greater Gratiot Development, Inc. (GGDI) as a means of evaluating the success of the organization's economic development efforts. The study measures two primary indicators of economic growth: growth of tax base (as measured by tax revenue) and jobs created. This report also includes information on Renaissance Zones, Brownfield Redevelopment projects, and grant dollars. Every effort has been made to present the study's findings in the most accurate and conservative manner possible. This report covers tax data from 1979 to 2016 and employment data as of 2017.

Taxes: Gratiot County's increasing tax base is the first indicator examined in the Tax Track. GGDI has successfully collaborated with over 100 companies to complete **277** projects. As can be expected, some corporations and entrepreneurs have opened and closed businesses. However, others have completed multiple projects with GGDI. Consequently, GGDI tracked project taxes for 80 companies in 2016. These projects have paid a total of \$84,300,773.71 in taxes on real and personal property since 1979. This figure represents an 11.5% increase over last year's cumulative additional taxes of about \$75.6 million. Of this \$84.3 million, over \$30.38 million has been generated from the wind projects that began in 2012. When comparing the \$84.3 million in additional taxes generated with the cumulative totals of public tax dollars invested for economic development, an impressive rate of return on investment is realized:

Cumulative Additional Tax Revenues : Cumulative Total State and Local Dollars Invested

\$84,300,773.71 : \$5,076,508
\$16.61 : \$1.00

(Ratio not including wind development: \$10.62 : \$1.00)

Cumulative Additional Tax Revenues : Cumulative Total Local Public Dollars Invested

\$84,300,773.71 : \$4,771,133
\$17.67 : \$1.00

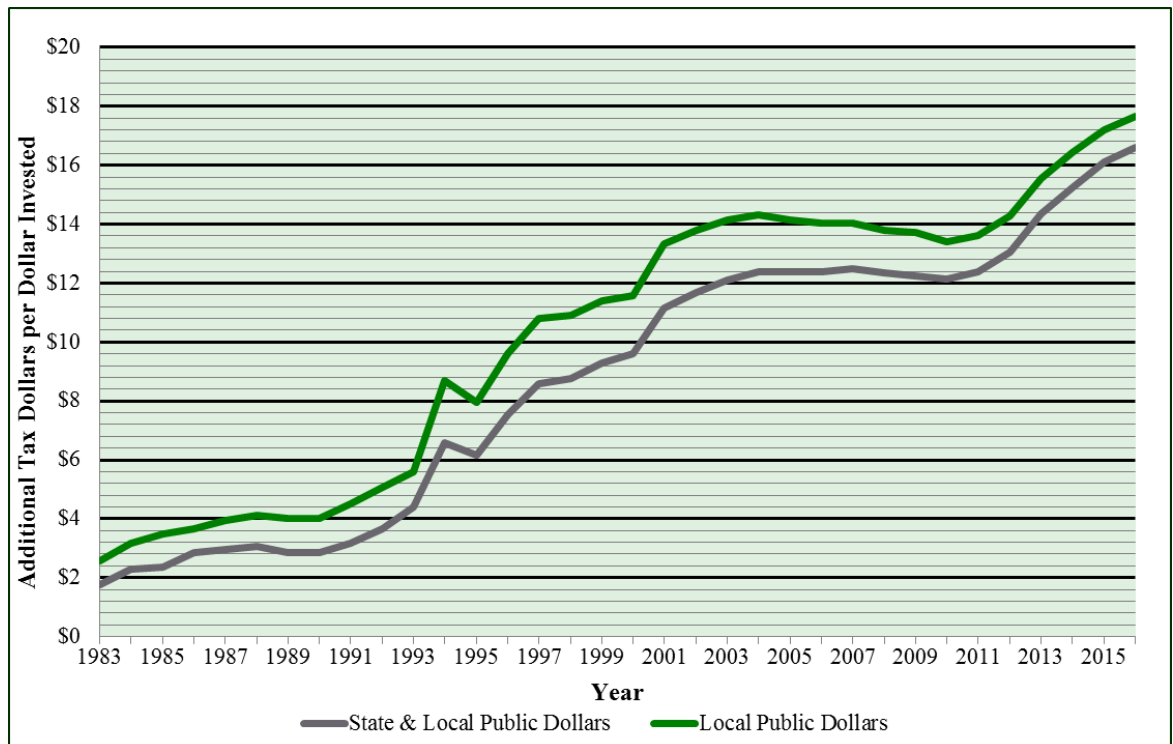
(Ratio not including wind development: \$11.30 : \$1.00)

2016 Additional Tax Revenue : County Allocated Millage - 2016

\$8,695,524.57 : \$381,803
\$22.77 : \$1.00

(Ratio not including wind development: \$5.19 : \$1.00)

**Investment
Return
Trends**



Executive Summary

Jobs: The second economic growth indicator measured by the Tax Track is the net increase in the number of FTE jobs created and/or retained as a result of GGDI projects. Since 1978, GGDI projects have played a role in the **creation of 2,236.5 net FTE jobs**. Of these net FTE jobs created, at least **2,163.5 are considered base income producing jobs** – those which contribute most to the overall economic expansion. Gratiot County's spin-off job multiplier is 1.27. Gratiot County's current improved stable position after the economic downsizing of many companies is now in line with the recovering national and Michigan economy. The performance is evidence of the success that can be achieved by maintaining a collaborative broad based development effort.

Net FTE Jobs Created 1979-2017 – 2,236.5
Base Income Producing Jobs – 2,163.5
Spin-off Jobs $\{(2,163.5 \times 1.27) - 2,163.5\} = 584$

Renaissance Zones: Development progress within the tax-free **Renaissance Sub Zones** is the third indicator measured. The benefit of locating in a Renaissance Zone is that businesses will not pay state and local taxes fully for 12 years and only partially for 3 years after that. As of 2015, tax benefits for all of the five Renaissance Zones expired, and they are now completely on the tax roll. The ZFS Ithaca, LLC project will begin its Renaissance Zone status in tax year 2017. It will run for 12 years fully and for 3 additional years with partial tax-free status. The community impact of these projects is indicated using cumulative additional tax revenue, annual SEV, and the number of actual and "spin-off" jobs created.

***Net FTE Jobs Created – 462**
***Base Income Producing Jobs – 448.5**
***Spin-off Jobs $\{(448.5 \times 1.27) - 448.5\} = 121$**
***2016 SEV – \$8,640,000**
2016 Cumulative Additional Tax Revenue for GGDI projects – \$3,396,291.53
***Includes all sectors of Renaissance Zones, not just GGDI-assisted**

Brownfield: The Brownfield Redevelopment Authority program has had a very significant and positive effect on the Gratiot community. With funds granted from the Environmental Protection Agency, GGDI was able to administer environmental site assessment and remediation activity on contaminated or potentially contaminated sites. Site characterization, combined with using Michigan's Brownfield Redevelopment process, has coordinated the redevelopment of environmentally-challenged sites. Although not all of these projects are listed in the Tax Track, the original investment total from these projects was \$19,246,377. Current *net* jobs are **152.55** as of May/June 2017.

Grants: Since 1978, GGDI has facilitated the draw of \$10,832,221 in grant funds for various projects within Gratiot County. These grant dollars have provided direct benefit and/or savings to Gratiot citizens and municipalities. GGDI will continue to apply for grants for future projects as the opportunities are made available.

Conclusion: The conclusions reached as a result of this year's Tax Track Report clearly demonstrate that a concerted team effort over an extended period of time continues to gain benefits. In economic development, as in business in general, **consistency is vital to long-term growth**. Standing firmly beside that approach, the Board and Staff of Greater Gratiot Development, Inc. will continue to work on behalf of the entire county to facilitate new opportunities and resolve challenges in the Gratiot Community. GGDI economic development services are supported through a Gratiot County millage. In 2016, GGDI assisted projects paid **\$154,207.87** toward the Ag/Econ Millage which totaled **\$550,102** (for GGDI and MSU Extension). Thus GGDI assisted projects have funded **28%** of the Ag/Econ Millage.

For any questions or a full Tax Track document, please contact GGDI at (989) 875-2083 or www.gratiot.org

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Years Serving Gratiot County