

Michigan Appendix

Key Subsidy Programs

| Program | Annual Cost | Monitoring, Enforcement & Penalty Score* |
|---|-------------------------|--|
| Brownfield Redevelopment Credits (aka Brownfield Zone Credits) - a large corporate income tax credit program based on up to 20 percent of the value of investments in blighted contaminated or obsolete properties; revamped in 2011, its annual appropriation was reduced drastically and merged with a replacement for MEGA tax credits | \$76,800,000 (2012) | 45/100 |
| Film Tax Credits - an expensive program providing corporate income tax credits for up to 42% of film production expenses; criticized as wasteful and for subsidizing some fraudulent activities; revamped in 2011 because of controversy, it is now a capped cash grant program | \$75,000,000 (2012) | 52/100 |
| Michigan Economic Growth Authority (MEGA) Tax Credits - an expensive and controversial corporate income tax credit program for companies expanding or relocating in the state; although the program was discontinued in 2011, it will continue to be a fiscal drain on the state until 2031 | \$109,400,000 (2012) | 74/100 |
| Michigan's Advanced Battery Credits (MABC) - large tax-credit subsidies awarded to businesses seeking to commercialize advanced battery technology for electric cars; although the program was discontinued in 2011, it will continue to be a fiscal drain on the state | \$40,000,000 (2012) | 48/100 |
| Renaissance Zone Program - the state's version of enterprise zones provides a variety of tax breaks for companies located in designated areas | \$22,300,000 (2012) | 43/100 |
| Average Monitoring, Enforcement & Penalty Score for All Programs* | | 52/100 |

*Adjusted to reflect the program's performance standards score in *Money for Something*. See next page for unweighted scoring details.

| Money-Back Guarantees for Taxpayers Scoring Details for Michigan Programs | | <i>Maximum possible score for category</i> | <i>Brownfield Redevelopment Credits</i> | <i>Film Tax Credits</i> | <i>MEGA Tax Credits</i> | <i>Michigan's Advanced Battery Credits (MABC)</i> | <i>Renaissance Zone Program</i> |
|--|--|--|---|-------------------------|-------------------------|---|---------------------------------|
| Reporting | Has a requirement that recipients report to agency on performance outcomes (20 pts) | 20 | 20 | 20 | 20 | 20 | 20 |
| Verification | Agency awarding subsidy verifies performance outcomes reported by recipient (20 pts) | 20 | 20 | 20 | 20 | 0 | 0 |
| Type of Penalties | Penalty takes the form of recapture (10 pts) | 10 | 10 | 0 | 10 | 10 | 10 |
| | Penalty takes the form of rescission or program is performance based (5 pts) | 5 | 5 | 5 | 5 | 5 | 5 |
| | Penalty takes the form of recalibration (5 pts) | 5 | 5 | 5 | 5 | 5 | 5 |
| Scope of Penalties | Mandatory penalties for failure to meet performance requirements with no exceptions* (20 pts) | 20 | 20 | 20 | 20 | 20 | 10 |
| | Mandatory penalties for failure to meet performance requirements with some exceptions (15 pts) | | | | | | |
| | Discretionary penalties for failure to meet performance requirements (10 pts) | | | | | | |
| Online Disclosure of Enforcement Practices | Online publication of statistics on use of penalties (10 pts) | 10 | 0 | 10 | 0 | 0 | 0 |
| | Online publication of names of companies found to be non-compliant (5 pts) | 5 | 0 | 5 | 5 | 0 | 0 |
| | Online publication of names of companies penalized and dollar amounts (5 pts) | 5 | 0 | 5 | 0 | 0 | 0 |
| Total unweighted score | | 100 | 80 | 90 | 85 | 60 | 50 |
| TOTAL SCORE adjusted to reflect the program's performance standards score in <i>Money for Something</i> | | 100 | 45 | 52 | 74 | 48 | 43 |

*Programs deemed performance based automatically receive points in this category.
For details on the programs see Appendix 4 in www.goodjobsfirst.org/moneyback.