

2008 TAX TRACK EXECUTIVE SUMMARY



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 the two primary indicators of economic growth: additional tax revenues and jobs created. In addition to these measures, the TAX TRACK reports on Gratiot County's projects in the Gratiot-Montcalm Renaissance Zone, and the total grant dollars received since GGDI's inception. Every effort has been made to present the study's findings in the most accurate and conservative manner possible. Data presented in this report covers the period 1979 through 2007.

The changing size of Gratiot County's tax base, attributed to projects, is one of three primary elements examined in the TAX TRACK. GGDI has successfully completed 233 projects. Over time, entrepreneurs have opened businesses, closed businesses, and some have completed multiple projects with GGDI. Consequently, GGDI tracked taxes for a net 101 projects in 2008. GGDI projects have **paid a total of \$34,495,501.51 in taxes** on real and personal property in Gratiot County since 1979. This figure **includes approximately \$34.5 million in additional taxes** generated as a result of GGDI's development efforts. This \$34.5 million figure represents a 7.6% increase over last year's cumulative additional taxes of about \$32 million.

When comparing the \$34.5 million in additional taxes generated with cumulative totals of public tax dollars invested in GGDI, a very impressive rate of return on investment ratios is realized:

Cumulative **Additional Tax Revenues** : ¹Total Public Dollars Invested
\$34,495,502 : \$2,754,344
\$12.52 : \$1.00

Cumulative **Additional Tax Revenues** : ²Total Local Public Dollars Invested
\$34,495,502 : \$2,449,246
\$14.08 : \$1.00

Additional Tax Revenue – 2007 : ³Local Public Contributions-2007
\$2,276,362 : \$164,277
\$13.85 : \$1.00

In terms of **total public dollars** contributed to GGDI between 1978 and 2007, the return on investment was approximately 1.1% higher than that of last year. Additionally, since 1978 GGDI facilitated the attraction of over **\$11.45 million** in grant money for various projects within Gratiot County. These grant dollars have provided direct benefit and/or savings to Gratiot citizens and municipalities.

The second economic growth indicator measured by the TAX TRACK is the net increase in the number of jobs created and/or retained as a result of GGDI projects. Since its establishment in 1978, GGDI has had a role in the **creation of 2,269.2 net jobs**. Of these net jobs created, at least **2,116 are considered base income producing jobs** -- those which contribute most to overall economic expansion. In addition to facilitating job creation, GGDI has also assisted in the **retention of at least 769 net jobs** since 1978. Given the recent downsizing of local firms and the soft national and Michigan economy, Gratiot County's comparatively good position is proof of the success to be achieved by maintaining a collaborative broad based development effort.

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Development progress within the tax-free **Renaissance Sub Zones** is the third indicator measured. This growth must be accounted for in a somewhat different manner. Since these projects do not yet pay the usual taxes, GGDI estimates: the community impact of these projects using SEV, which now totals \$5,933,100; revenue collected from tax payments for Bonded Indebtedness (including voted millage and assessed debt obligations), now totaling \$303,724; and the number of actual and “spin-off” jobs created. Currently, the actual number of jobs created through Renaissance Zone activity is **228** and the “spin-off” total is **337** jobs. Another important positive effect of the Renaissance Sub Zones is the construction of new infrastructure to supply the sub zones. New infrastructure makes it possible for housing and commercial development to take place in areas adjacent to the sub zones where it was not previously feasible. New developments outside a sub zone, as they occur, will be on the full tax roll in the respective communities; however, those benefits are not tracked by GGDI.

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 reap larger benefits. In economic development, as in business in general, **consistency is key to long-term growth**. Keeping with that approach, the Board and staff of Greater Gratiot Development, Inc. will continue to work on behalf of the entire county towards the achievement of new and expanded wealth for the Gratiot Community.

¹ Sum of State of Michigan Investments and Local Municipalities' Investments. ² Local Municipality's Investments. ³ Local Municipality's Investments for Fiscal Year 2007.