



MICHIGAN

OFFICE OF THE AUDITOR GENERAL

AUDIT REPORT



THOMAS H. MCTAVISH, C.P.A.
AUDITOR GENERAL

The auditor general shall conduct post audits of financial transactions and accounts of the state and of all branches, departments, offices, boards, commissions, agencies, authorities and institutions of the state established by this constitution or by law, and performance post audits thereof.

– Article IV, Section 53 of the Michigan Constitution

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Michigan *Office of the Auditor General* **REPORT SUMMARY**

Performance Audit

Michigan Economic Growth Authority (MEGA) Tax Credit Program Michigan Strategic Fund

Report Number:
271-0415-09

Released:
April 2010

The MEGA tax credit is a tax credit to a company's business tax liability to the State of Michigan. The MEGA tax credit is awarded to businesses that make a commitment to make capital investments and create and/or retain jobs in the State. The minimum number of jobs that have to be created and/or retained is dependent on the type and location of the business and if the business is expanding or locating in the State. A company submits a request for a tax credit certificate to MEGA staff for approval. The company attaches the approved tax credit certificate to its Michigan Business Tax return to claim its MEGA tax credit.

Audit Objective:

To assess the effectiveness of the Michigan Strategic Fund's (MSF's) procedures to review requests for MEGA tax credit certificates and audit the approved MEGA tax credit certificates.

Audit Conclusion:

We concluded that MSF's procedures to review requests for MEGA tax credit certificates were moderately effective and MSF's procedures to audit the approved MEGA tax credit certificates were not effective. We noted one material condition (Finding 2) and three reportable conditions (Findings 1, 3, and 4).

Material Condition:

MSF's postaudit procedures were not sufficient to validate the summary information submitted with the companies' requests for tax credit certificates to the detail job claim and wage data maintained by the companies (Finding 2).

Reportable Conditions:

MSF's policy to allow companies to annualize wages to meet their average weekly wage requirements was not in compliance with the MEGA agreements (Finding 1).

MSF did not audit the business activity credit portion of the MEGA tax credit certificates when conducting audits (Finding 3).

MSF should require companies to submit more detailed payroll data at the time of their requests for MEGA tax credit certificates (Finding 4).

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Audit Objective:

To assess MSF's compliance with the *Michigan Compiled Laws* reporting requirements for its annual report to the Legislature.

Audit Conclusion:

We concluded that MSF's annual report to the Legislature was in compliance with 6 of 7 reporting requirements and not in compliance with 1 reporting requirement of the *Michigan Compiled Laws*. We noted one reportable condition (Finding 5).

Reportable Condition:

MSF did not properly report all information required by Section 207.810 of the *Michigan Compiled Laws* in the fiscal year 2006-07 and fiscal year 2007-08 annual reports to the Legislature. In addition, MSF should consider enhancing its annual report to provide the Legislature with additional information to assist the Legislature in its evaluation of the MEGA Tax Credit Program. (Finding 5)

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Audit Objective:

To assess the effectiveness of MSF's efforts to evaluate the MEGA Tax Credit Program in creating and retaining jobs.

Audit Conclusion:

We concluded that MSF's efforts to evaluate the MEGA Tax Credit Program in creating and retaining jobs were moderately effective. We noted one reportable condition (Finding 6).

Reportable Condition:

MSF did not develop comparative evaluations to measure actual outputs and outcomes to a desired level of outputs and outcomes, a peer group performance, and/or historical performance of the MEGA Tax Credit Program (Finding 6).

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Agency Response:

Our audit report contains 6 findings and 9 corresponding recommendations. MSF's preliminary responses indicated that it agrees with 7 of the recommendations and partially agrees with 2 of the recommendations but disagrees with part of the finding.

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A copy of the full report can be obtained by calling 517.334.8050 or by visiting our Web site at: <http://audgen.michigan.gov>



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AUDITOR GENERAL

April 23, 2010

Mr. D. Gregory Main, President
Michigan Strategic Fund
300 North Washington Square
Lansing, Michigan

Dear Mr. Main:

This is our report on the performance audit of the Michigan Economic Growth Authority Tax Credit Program, Michigan Strategic Fund.

This report contains our report summary; description of program; audit objectives, scope, and methodology and agency responses; comments, findings, recommendations, and agency preliminary responses; various exhibits, presented as supplemental information; and a glossary of acronyms and terms.

Our comments, findings, and recommendations are organized by audit objective. The agency preliminary responses were taken from the agency's responses subsequent to our audit fieldwork. The *Michigan Compiled Laws* and administrative procedures require that the audited agency develop a formal response within 60 days after release of the audit report.

We appreciate the courtesy and cooperation extended to us during this audit.

Auditor General

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Description of Program

Statutory Authority

Act 24, P.A. 1995, created the Michigan Economic Growth Authority (MEGA) tax credit to promote economic growth and job creation within the State and to create and prescribe the powers and duties of the MEGA Board. Act 24 also established qualifications for determining eligibility for tax credits and other incentives for authorized businesses and for qualified taxpayers. Act 24 has been amended several times to expand the size and types of businesses eligible to receive a MEGA tax credit. Organizationally, MEGA resides in the Michigan Strategic Fund (MSF); however, Michigan Economic Development Corporation (MEDC) staff provide support services to MEGA.

MEGA Tax Credit

The MEGA tax credit is a refundable tax credit* to a company's business tax liability to the State of Michigan. The MEGA tax credit is awarded to businesses in Michigan that make a commitment to make capital investments and create and/or retain jobs in the State. The minimum number of jobs that have to be created and/or retained is dependent on the type and location of the business and if the business is expanding or locating in the State. There are tax credits granted for high-technology businesses (high-tech); businesses located in rural areas; distressed businesses; and other businesses locating, expanding existing operations, or committing to retaining jobs in the State.

The agreements entered into between companies and the MEGA Board for the MEGA tax credits related to creating and/or retaining jobs may contain the personal income tax (PIT) credit and the business activity credit (BAC). The PIT credit is a refundable tax credit to a company's business tax based on the salaries of qualified new jobs or retained jobs. The BAC is a nonrefundable tax credit* to a company's business tax based on the proportion of the project's property value and payroll expenditures to the company's overall property value and payroll expenditures. The PIT credit and the BAC were available under the Michigan Single Business Tax provisions. Only the PIT credit is available under the Michigan Business Tax provisions. The BAC was not carried forward in the tax law under the Michigan Business Tax, and companies can no longer

* See glossary at end of report for definition.

claim the credit under their MEGA tax credit agreement. There are 5 types of MEGA agreements that may be entered into between the MEGA Board and companies:

1. High-tech MEGA agreements* are for companies whose primary business activity is high-technology activity or a qualified high-wage activity. High-technology activity is defined as advanced computing, advanced materials (materials with engineered properties created through the development of specialized process and synthesis technology), biotechnology, electronic device technology, engineering or laboratory testing related to development of a product, technology that assists in the assessment or prevention of threats or damage to human health or the environment, medical device technology, product research and development, advanced vehicles technology, tool and die manufacturing, competitive edge technology, digital media, music production, and film and video. High-wage activity is defined as a business that has an average wage of 300% or more of the federal minimum wage. Sections 207.803(l), 207.803(n), and 207.803(o) of the *Michigan Compiled Laws* fully define high-technology and qualified high-wage activity.
2. Rural MEGA agreements* are for eligible businesses located in a county with a population of 90,000 or less as defined by Section 207.803(s) of the *Michigan Compiled Laws*.
3. Retention MEGA agreements* are for existing businesses located within the State that agree to certain conditions regarding capital investment and the minimum number of jobs to be retained. Section 207.808(5) of the *Michigan Compiled Laws* identifies an eligible business for a retained MEGA agreement.
4. Standard MEGA agreements* are for eligible businesses that propose to create qualified new jobs in the State in manufacturing, mining, research and development, wholesale and trade, film and digital media production, office operations, tourism attraction facility, or qualified lodging facility. An eligible business does not include retail establishments or professional sports stadiums as defined by Section 207.803(g) of the *Michigan Compiled Laws*.
5. Combination MEGA agreements* are for businesses' MEGA agreements that contain a provision for both a retention MEGA tax credit and a standard, rural, or high-tech MEGA tax credit.

* See glossary at end of report for definition.

Once a company has met the MEGA tax credit agreement requirements related to the minimum number of jobs created or retained, the company submits a request for a tax credit certificate. MSF staff review the information submitted on the request and compare the information reported to the requirements of the MEGA tax credit agreement. If the reviewer determines that the request meets the agreement requirements, the request is approved and a tax credit certificate is issued to the company. The company attaches the approved tax credit certificate to its Michigan Business Tax return to claim its MEGA tax credit. Subsequent to MSF's review and approval of companies' tax credit certificates, MSF selects a sample of certificates to conduct postaudits of the tax credit certificates to ensure that companies have properly reported job count and salary information. These audits are usually conducted approximately two years after the certificates are issued. Any findings related to the amount of tax credit previously certified are then forwarded to the Department of Treasury.

The MEGA tax credit is only one economic development incentive program offered by MSF and MEDC to retain and attract business in Michigan. A company interested in staying, expanding, or locating in Michigan completes an application and develops a project plan with MEDC staff. MEDC staff work with that company, local units of government, and State agencies to develop an overall project plan and incentive package for the company to submit to the MEGA Board for approval. There are over 70 different programs and tax incentives that companies may qualify for based on their proposed project plan. Examples of other incentives and programs that may be used in concert with the MEGA tax credit include Community Development Block Grant funds for capital and infrastructure development; Economic Development Job Training funds for assistance in training employees in the skills needed for the new jobs; and Brownfield Development tax credits for redevelopment of contaminated, functionally obsolete, or blighted properties. Typically, there is also a local funding commitment through tax abatements or infrastructure spending.

MEGA Tax Credit Program statistics regarding the number of MEGA tax credits claimed by businesses, the relationship to total jobs expected, and the actual amount of credit are presented in Exhibits 1 through 3 in the supplemental information section of this report. Program statistics regarding the tax credit cost per direct job claimed are presented in Exhibit 4. Program statistics regarding the number of MEGA tax credit agreements, credit years, and amount of tax credits allowed are presented in Exhibits 5 and 6. These statistics have been compiled from MSF records, including MEGA

agreements and information submitted to MEGA by companies with their annual requests for tax credit certificates. The information related to the number of qualifying jobs, associated wages, and amount of tax credit submitted by companies has not been validated or audited by the Office of the Auditor General.

Audit Objectives, Scope, and Methodology and Agency Responses

Audit Objectives

Our performance audit* of the Michigan Economic Growth Authority (MEGA) Tax Credit Program, Michigan Strategic Fund (MSF), had the following objectives:

1. To assess the effectiveness* of MSF's procedures to review requests for MEGA tax credit certificates and audit the approved MEGA tax credit certificates.
2. To assess MSF's compliance with the *Michigan Compiled Laws* reporting requirements for its annual report to the Legislature.
3. To assess the effectiveness of MSF's efforts to evaluate the MEGA Tax Credit Program in creating and retaining jobs.

Audit Scope

Our audit scope was to examine the program and other records of the Michigan Economic Growth Authority Tax Credit Program. We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives. Our audit procedures, conducted from June through October 2009, generally covered the period January 1, 2005 through August 2009.

As part of our audit, we compiled supplemental information about the MEGA Tax Credit Program based on information obtained from MSF records, including MEGA agreements and information submitted to MEGA by companies with their annual requests for tax credit certificates. Our audit was not directed toward expressing an opinion on this information and, accordingly, we express no opinion.

* See glossary at end of report for definition.

Audit Methodology

We conducted a preliminary review of the MEGA Tax Credit Program to formulate a basis for developing our audit objectives and defining our audit scope. Our preliminary review included interviewing MEGA Tax Credit Program staff; reviewing applicable laws, rules, regulations, policies, procedures, manuals, and other information; analyzing available records, data, and statistics; and obtaining an understanding of the MEGA Tax Credit Program's internal control* and operational activities.

To accomplish our first objective, we selected 40 of 346 approved tax credit certificates and compared required requests for certificate data to MEGA agreements. We also determined that only MSF-approved tax credits were claimed by companies on their business tax returns. We selected 15 of 27 completed audits and reviewed supporting documentation to determine if audit procedures were sufficient to verify qualifying new jobs or retained jobs, average salary amount, hourly wage calculations, and calculation of the tax credit amount.

To accomplish our second objective, we compared information included within MSF's annual report to the reporting requirements within the *Michigan Compiled Laws*. We also compared the detail information included within the annual report to a sample of individual MEGA project files for compliance, completeness, and accuracy.

To accomplish our third objective, we interviewed MEGA personnel to determine the goals and objectives of the MEGA Tax Credit Program. We interviewed MEGA personnel and conducted research to determine if standards to evaluate the effectiveness of the Program had been developed by MEGA or other states. We identified MEGA's processes used to measure the effectiveness of the Program to meet the established goals and objectives. We also compiled Program related data (Exhibits 1 through 7) about the MEGA Tax Credit Program; however, we did not validate information submitted by companies claiming a MEGA tax credit such as qualifying new jobs and total payroll amounts. Our audit was not directed toward expressing an opinion on this information and, accordingly, we express no opinion on it.

According to *Michigan Administrative Code R 205.1003*, taxpayer information is confidential and, therefore, our exhibits do not identify individual or company taxpayer information. In addition, Section 205.28 of the *Michigan Compiled Laws* identifies

* See glossary at end of report for definition.

certain aspects of tax auditing and collection that are protected, nonpublic data. As a result, this report summarizes weaknesses in the auditing of MEGA tax credit certifications and does not report some of the audit results in detail. In accordance with generally accepted government auditing standards, we have separately reported specific weaknesses in the processes to MSF management.

When selecting activities or programs for audit, we use an approach based on assessment of risk and opportunity for improvement. Accordingly, we focus our audit efforts on activities or programs having the greatest probability for needing improvement as identified through a preliminary review. Our limited audit resources are used, by design, to identify where and how improvements can be made. Consequently, we prepare our performance audit reports on an exception basis.

Agency Responses

Our audit report contains 6 findings and 9 corresponding recommendations. MSF's preliminary responses indicated that it agrees with 7 of the recommendations and partially agrees with 2 of the recommendations but disagrees with part of the finding.

The agency preliminary response that follows each recommendation in our report was taken from the agency's written comments and oral discussion subsequent to our audit fieldwork. Section 18.1462 of the *Michigan Compiled Laws* and the State of Michigan Financial Management Guide (Part VII, Chapter 4, Section 100) require MSF to develop a formal response to our audit findings and recommendations within 60 days after release of the audit report.

COMMENTS, FINDINGS, RECOMMENDATIONS, AND AGENCY PRELIMINARY RESPONSES

PROCEDURES TO REVIEW REQUESTS FOR MEGA TAX CREDIT CERTIFICATES AND AUDIT APPROVED TAX CREDIT CERTIFICATES

COMMENT

Background: Eligible businesses that have been awarded Michigan Economic Growth Authority (MEGA) tax credits submit their requests for tax credit certificates and submit related forms showing that the businesses have met the job and wage requirements of their MEGA agreements. MEGA Tax Credit Program staff review the requests for certificates and ensure that the amounts reported by the businesses meet the requirements of their MEGA agreements and then approve the requests and issue tax credit certificates for the companies to attach to their Michigan Business Tax returns.

Section 1016, Act 261, P.A. 2008, requires the Michigan Strategic Fund (MSF) to audit the jobs claims from businesses receiving financial or tax incentives from the State. Business Process Division staff are responsible for conducting these postaudits of the previously approved tax credit certificates.

Audit Objective: To assess the effectiveness of MSF's procedures to review requests for MEGA tax credit certificates and audit the approved MEGA tax credit certificates.

Audit Conclusion: We concluded that MSF's procedures to review requests for MEGA tax credit certificates were moderately effective and MSF's procedures to audit the approved MEGA tax credit certificates were not effective. Our assessment disclosed one material condition*. MSF's postaudit procedures were not sufficient to validate the summary information submitted with the companies' requests for tax credit certificates to the detail job claim and wage data maintained by the companies (Finding 2).

Our assessment also disclosed three reportable conditions* related to review procedures for MEGA tax credit certificates, postaudit procedures related to the business activity credit (BAC), and additional data submission for requests for MEGA tax credit certificates (Findings 1, 3, and 4).

* See glossary at end of report for definition.

FINDING

1. Review Procedures for MEGA Tax Credit Certificates

MSF's policy to allow companies to annualize wages to meet their average weekly wage requirements was not in compliance with the MEGA agreements. As a result, a portion of the \$493,101 in tax credits certified by MSF did not meet the requirements in the MEGA agreements.

Each MEGA agreement requires companies to pay a minimum average weekly wage on qualified new jobs (QNJ). The MEGA agreements define average weekly wage as the total salaries and wages paid during the applicable tax year to employees performing QNJs, divided by 52 weeks, divided by the number of QNJs.

MSF's policy allowed companies that did not meet the average weekly wage using the preceding formula to use an annualization method to calculate average weekly wage. This annualization method was based on the wages the company would have paid for the entire year, if the jobs had been paid at the rate in effect at the end of the fourth quarter, rather than the actual amount the company paid that year.

We determined that, for 3 (8%) of 40 tax credit certificates reviewed, the average weekly wage paid did not meet the average weekly wage requirement in the companies' MEGA tax credit agreements. However, MSF allowed these companies to use the annualization method to meet the average weekly wage requirement and qualify for the full \$493,101 in tax credits. A portion of these credits would have been allowable for the QNJs that met the minimum average weekly wage requirement.

For example, one company reported that the total wages paid to 79 employees was \$4,760,886, which was an average weekly wage of \$1,159. The MEGA tax credit agreement required a minimum average weekly wage of \$1,334 per employee. Therefore, the company did not meet the average weekly wage agreed to in its MEGA tax credit agreement and should not have been certified for a tax credit. However, the company reported annualized wages of \$6.5 million which was an average weekly wage of \$1,392, resulting in MSF certifying a tax credit to the company of \$185,675.

RECOMMENDATION

We recommend that MSF require companies to meet the minimum average weekly wage requirements contained in the MEGA agreements.

AGENCY PRELIMINARY RESPONSE

MSF agrees with the recommendation. MSF informed us that it agrees that the MEGA agreements should reflect MSF's policy used to calculate the average weekly wage requirement. Accordingly, MSF informed us that it will amend agreements to include the annualization method in the calculation of the average weekly wage and believes the policy accurately reflects the specific circumstances companies encounter while documenting the tax credits.

FINDING

2. Postaudit Procedures for MEGA Tax Credits

MSF's postaudit procedures were not sufficient to validate the summary information submitted with the companies' requests for tax credit certificates to the detail job claim and wage data maintained by the companies. As a result, MSF did not always identify potential errors in the amount of tax credit claimed by the companies and could not sufficiently conclude that the companies had met the requirements of the agreements.

MSF's postaudit procedures are designed to determine that companies met minimum requirements to receive a tax credit in compliance with their MEGA agreements. The audit procedures focus on validating the requirement for a minimum base employment level, a minimum number of QNJs or retained jobs, a stated average weekly wage, and an average hourly wage that equals or exceeds a stated percentage of the federal minimum wage.

Our review of 15 of the 27 audits completed by MSF staff during fiscal year 2008-09 disclosed:

- a. MSF did not always obtain sufficient detailed data from companies that had previously submitted summary information at the time of their requests for tax credit certificates. Detailed data was necessary for MSF to validate the companies' tax credit certificates. As part of MSF's postaudit process, it requested companies to provide 8 data elements for base jobs and 12 data

elements for QNJs to determine that the companies met standards required by their MEGA agreements. The data elements were necessary to calculate the hours worked per week and the hourly wage. Our review disclosed that 10 (67%) of the 15 companies did not submit one or more of the requested data elements needed to allow MSF to validate the tax credit claimed. We determined that either MSF or the company inputted formulas or standard amounts for missing data elements rather than actual data. For example, MSF could not determine if employees met the 35-hour per week requirement to be considered a QNJ without the actual number of hours worked. We also noted that MSF allowed 1 (7%) of the 15 companies to submit only one calendar quarter of information and only 2 of the 12 data elements.

- b. MSF did not always sufficiently validate data provided by companies to independent sources or request detailed employee records to verify data reported by the companies. MSF did not always analyze data reported by companies to identify anomalies that it should have followed up on or to sample reported employee data. MSF could use other sources to independently verify wage data reported by companies. MSF did use a Michigan Unemployment Insurance Agency Employer's Quarterly Tax Report (UIA 1020) to conduct a reasonableness check on the total number of employees employed by the company. However, our review noted that the UIA 1020 was not always a reliable source of information due to differences in company UIA 1020 reporting processes. Companies may report by facility or by the entire company for all facilities in Michigan.
- c. MSF did not always identify additional potentially ineligible employees and wages from detailed employee data reported by the company and then follow up on those employees. Consequently, MSF did not revise, if necessary, the calculation for the tax credit based on the corrected eligible employees and wage data.

In the 15 audits we reviewed, MSF deemed 4,790 employees and their wages to be eligible for the tax credit. We identified 1,229 (26%) potentially ineligible employees in 4 of the audits, including:

- (1) Wages and employees of companies that did not report the hours worked. As a result, the company data did not support that the employees met the full-time employment requirement.
- (2) Wages and employees whose total quarterly hours reported divided by 13 weeks resulted in the employee working less than 35 hours per week. As a result, based on this reasonableness test, it appeared that these employees potentially did not meet the full-time employment requirement.

As a result, we noted that \$120.8 million (34%) of the \$350.2 million of company reported wages potentially did not meet the criteria to qualify for a tax credit. MSF approved \$2.6 million in tax credits related to these potentially ineligible employees and wages for the 4 companies.

- d. MSF's audit working papers did not sufficiently document its level of analysis performed, verification of data submitted by companies, and overall audit methodology.

MSF had revised its auditing procedures in 2008 to eliminate company site visits and the audit of detailed payroll data to support information submitted by the companies. MSF informed us that it felt that its revised audit procedures were more efficient and necessary due to limited staff available to conduct audits.

During our audit, MSF contacted the 27 companies that it audited in fiscal year 2008-09 and requested information such as additional revised versions of company submitted spreadsheets, employees' W-2s or company job transfer forms between company locations, and UIA 1020 forms. However, we noted that not all companies submitted additional information during our audit. We also did not assess the sufficiency of the procedures conducted by MEGA on the additional information.

RECOMMENDATIONS

We recommend that MSF improve its postaudit procedures to validate the summary information submitted with the companies' requests for tax credit certificates to the detail job claim and wage data maintained by the companies.

We also recommend that MSF report any improper credits to the Department of Treasury for possible recoupment of past tax credits that were not calculated correctly.

AGENCY PRELIMINARY RESPONSE

MSF agrees with the recommendations. MSF informed us that it is pursuing full data collection from the one company cited which submitted insufficient data. MSF also informed us that it will collect all necessary or required data elements as outlined in the MEGA tax credit agreements.

In addition, MSF informed us that it has increased MEGA application fees to provide additional revenue to support the in-depth, full audit procedures required to properly validate 100% of the MEGA certificate information issued. MSF also informed us that it has engaged a certified public accounting firm to assist in an audit of all MEGA tax credits issued for 2006 through 2009. Furthermore, MSF informed us that, as part of the audit process, auditors will be conducting on-site data verifications for all companies to test selected individual payroll records, W-2s, and other payroll information that support the audit spreadsheets.

MSF informed us that it is now using a checklist that documents the audit methodology and testing performed for each company. In addition, MSF informed us that, starting in 2010, it has revised audit procedures to conduct pre-audits prior to issuing a tax credit certificate.

MSF also informed us that it will report audited results to the Department of Treasury on a quarterly schedule approved by the Department of Treasury.

FINDING

3. Postaudit Procedures Related to the Business Activity Credit (BAC)

MSF did not audit the BAC portion of the MEGA tax credit certificates when conducting audits. As a result, MSF and the Department of Treasury could not ensure that the BAC certified by MSF was proper.

MEGA agreements entered into prior to 2008 contained the personal income tax (PIT) credit and/or the BAC that are claimed on the company's Single Business Tax return. MEGA agreements signed after January 1, 2008 contained only the PIT credit. Furthermore, any agreements that did include a provision for the BAC could no longer be exercised under the new Michigan Business Tax as the BAC was eliminated with the implementation of the Michigan Business Tax.

The PIT credit is a refundable tax credit to a company's business tax based on the salaries of QNJ's or retained jobs. The BAC is a nonrefundable tax credit to a company's business tax which is based on the proportion of the project's property value and payroll expenditures to the company's overall property value and payroll expenditures.

In our sample of 15 of the 27 audits completed by MSF, we noted that, in 5 (33%) of the audits, companies requested and received a tax credit certificate for both a PIT credit and a BAC portion of the credit for the companies' 2007 tax year. However, MSF only requested information and audited the information related to the PIT credit and conducted no auditing procedures related to the BAC. We determined that the 5 companies were certified for \$872,134 in BACs. Our review of the supporting payroll documentation disclosed inconsistencies in wages reported for the PIT credit in MEGA projects. These payroll inconsistencies would have similarly impacted the calculation of the BAC. We noted the following potential errors in the BAC:

- a. MSF detected known payroll errors in 3 (60%) of the 5 companies in their PIT postaudits. These payroll errors would have resulted in MSF improperly approving \$26,939 in the certified BAC.
- b. We detected potential payroll errors in 4 (80%) of the 5 companies in MSF's postaudits of the PIT. These additional potential errors would have resulted in MSF improperly approving \$27,731 in the certified BAC. In addition, 1 (20%)

of the 5 companies did not fully submit data to MSF and we could not determine if there were potential errors in the PIT credit and in the BAC.

Subsequent to our review, MSF contacted the 5 companies and requested further information. MSF received documentation such as Single Business Tax returns and supporting schedules for information to support the audit of the BAC. However, we noted that MSF did not obtain documentation for the 5 companies to support the value of the property that is subject to the tax credit. As a result, MSF still did not have enough supporting documentation to audit the amount of certified BAC.

RECOMMENDATIONS

We recommend that MSF audit all portions of the MEGA tax credit certificates when conducting audits.

We also recommend that MSF audit prior BACs and report the information to the Department of Treasury for possible recoupment of past tax credits that were not calculated correctly.

AGENCY PRELIMINARY RESPONSE

MSF agrees with the recommendations. MSF informed us that it subsequently determined that the total audit exceptions for the five companies was \$24,114 and this amount will be reported to the Department of Treasury.

MSF also informed us that it has engaged a certified public accounting firm to assist in an audit of all MEGA tax credits for 2006 through 2009, including several with BACs in 2006 and 2007. In addition, MSF informed us that it has implemented new procedures to accurately obtain the value of the property that is subject to the tax credit as a portion of the BAC. MSF further informed us that it will report quarterly to the Department of Treasury. Companies may not file for BACs after January 1, 2008 due to the elimination of the BAC in the Michigan Business Tax.

FINDING

4. Additional Data Submission for Requests for MEGA Tax Credit Certificates

MSF should require companies to submit more detailed payroll data at the time of their requests for MEGA tax credit certificates. This additional payroll data would

provide MEGA Tax Credit Program staff with more detailed data when determining the reasonableness of the requests for MEGA tax credit certificates. This would also enable MSF to have the necessary data available to conduct postaudits of the amount of the tax credit previously certified.

MSF only requires companies to submit summarized payroll data with the companies' requests for MEGA tax credit certificates. To approve and certify the tax credit certificates, MEGA staff review the summary payroll data and ensure that the amounts reported meet the minimum number of jobs and salary levels required in the companies' MEGA tax credit agreements and recompute the tax credit.

Obtaining more detailed payroll data with the request for the tax credit certificate would allow MEGA staff to identify possible anomalies in the company data or identify ineligible employees prior to certifying the company's tax credit.

Subsequent to MSF's review and approval of companies' tax credit certificates, MSF selects a sample of certificates to conduct postaudits to ensure that companies have properly reported job count and payroll information. Obtaining more detailed data at the time of certification would greatly increase the effectiveness of the postaudits. We noted that MSF's postaudit procedures were hindered due to the time required to work with companies to re-create the detailed data that supported the previously submitted summary data with the requests for MEGA tax credit certificates.

We also noted that companies may achieve efficiencies if required to submit detailed payroll data at the time of submitting their requests for tax credit certificates. For example, companies would not have to reassemble and submit the detailed data from two or more prior years when selected for postaudit.

RECOMMENDATION

We recommend that MSF require companies to submit more detailed payroll data at the time of their requests for MEGA tax credit certificates.

AGENCY PRELIMINARY RESPONSE

MSF agrees with the recommendation. MSF informed us that it redesigned the MEGA request for tax credit certificate process in the summer of 2009 to add front-end audits prior to issuance of the MEGA tax credit certificates. MSF also informed us that it had implemented the use of an enhanced request for MEGA tax credit certificate in January 2010, which includes an Excel-based application to reduce or eliminate mathematical errors and includes the same audit spreadsheets used by audit staff. MSF further informed us that this pre-audit process is documented and staff are trained in the process.

COMPLIANCE WITH ANNUAL REPORTING REQUIREMENTS

COMMENT

Background: Section 207.810 of the *Michigan Compiled Laws* (Act 24, P.A. 1995, as amended) requires MEGA to report its activities to the Legislature yearly on October 1. The *Michigan Compiled Laws* require the report to include the following minimum information:

1. The total amount of capital investment attracted under the Act.
2. The total number of QNJs created under the Act.
3. The total number of new written agreements.
4. Name and location of all authorized businesses and the names and addresses of all of the directors and officers of the corporation, the partners of the partnership or limited liability partnership, or the members of the limited liability company.
5. The amount and duration of the tax credit separately for each authorized business.
6. The amount of any fee, donation, or other payment of any kind from the authorized business to the Michigan Economic Development Corporation or a foundation or fund associated with the Michigan Economic Development Corporation paid or

made in the previous reporting year or, if it is the first reporting year of the authorized business, for the immediately preceding three calendar years.

7. The total number of new written agreements entered into under Section 207.808(5) of the *Michigan Compiled Laws* (retention agreements for a distressed business) and, of those written agreements, the number of which the MEGA Board determined that it was in the public interest to waive one or more of the requirements of Section 207.808(1) of the *Michigan Compiled Laws*.

Audit Objective: To assess MSF's compliance with the *Michigan Compiled Laws* reporting requirements for its annual report to the Legislature.

Audit Conclusion: We concluded that MSF's annual report to the Legislature was in compliance with 6 of 7 reporting requirements and not in compliance with 1 reporting requirement of the *Michigan Compiled Laws*. Our assessment disclosed one reportable condition related to the annual report to the Legislature (Finding 5).

FINDING

5. Annual Report to the Legislature

MSF did not properly report all information required by Section 207.810 of the *Michigan Compiled Laws* in the fiscal year 2006-07 and fiscal year 2007-08 annual reports to the Legislature. As a result, users of the report did not have complete and accurate information regarding the MEGA Tax Credit Program. In addition, MSF should consider enhancing its annual report to provide the Legislature with additional information to assist the Legislature in its evaluation of the MEGA Tax Credit Program.

Section 207.810 of the *Michigan Compiled Laws* requires MSF to report on activities of MEGA to the Senate and the House of Representatives on October 1. In the year the MEGA agreement is entered into, MSF reports estimated QNJ's in the annual report. Companies may take several years to create their planned new jobs. However, the MEGA Tax Credit Program has now been in existence for over 10 years and has had projects that have met the requirements of their MEGA tax credit agreements and could have their actual QNJ's reported.

Our review of file documentation for 15 of the 57 MEGA agreements included in the fiscal year 2006-07 annual report and 15 of the 67 MEGA agreements included in the fiscal year 2007-08 annual report disclosed:

- a. MSF understated the amount reported as estimated capital investment by over \$62.2 million (17%) of the \$364.9 million amount reported in the two annual reports for 8 (27%) of the 30 MEGA agreements reviewed.
- b. MSF did not report the actual number of direct jobs created in that year by companies with MEGA agreements in effect. Instead, MSF reported the number of jobs expected to be created for new MEGA agreements entered into during the reporting year. For example, in 2007, MSF reported 12,770 estimated new and retained jobs from new agreements. However, based on company-reported data, there were 61,808 actual jobs created or retained resulting from existing MEGA agreements.

Section 207.810(b) requires MSF to report, "The total number of qualified new jobs created under this act." Although the statutory language does not appear to require an estimate of actual jobs created or retained, we believe that MSF should continue to report this information for the new agreements along with the actual jobs created or retained by companies with existing MEGA agreements.

- c. MSF did not properly report the total number of new MEGA tax credit agreements in fiscal years 2006-07 and 2007-08. MSF reported the same 4 agreements in both the fiscal year 2006-07 and fiscal year 2007-08 annual reports, and 15 new agreements were not properly reported in the 2007-08 annual report. The error occurred because MSF reported the approved MEGA agreements from the September 18, 2007 board meeting in the fiscal year 2007-08 annual report rather than the MEGA agreements approved at the September 23, 2008 board meeting.
- d. MSF did not have the correct company location reported for 4 (13%) of 30 companies in the annual report. MSF reports both the project and the company location for the MEGA agreements. This allows users of the report to track MEGA agreement projects by geographic area and whether company headquarters are in Michigan or out of the State. We noted that the

4 companies were listed as Michigan companies; however, the MEGA agreements and records indicated that the companies were out-of-State companies.

- e. MSF did not consistently report the total amount of the estimated tax credits adjusted for inflation over the duration of the agreement. MSF's policy was to report the estimated tax credits adjusted for inflation. Our review of the 2007-08 annual report disclosed that for 7 (47%) of 15 companies, the total amount of the estimated tax credit over the duration of the agreement was not adjusted for inflation. As a result, MSF overestimated tax credit amounts by \$73,734,970 in the fiscal year 2007-08 annual report. MSF informed us that, beginning with fiscal year 2008-09, it will discontinue adjusting for inflation when reporting tax credits.

In addition to the information required by the *Michigan Compiled Laws*, MSF should consider including the total number of companies with approved tax credit certifications, the total amount of tax credits certified each year, a comparison of estimated direct jobs to actual claimed direct jobs, a comparison of actual to estimated capital investment, a comparison of estimated tax credit amounts to actual claimed tax credits, and the average tax credit cost per direct job. We prepared this information in Exhibits 2 through 4, presented as supplemental information in this report. This additional information would provide the Legislature and others interested in the program with additional information to evaluate the effectiveness of the MEGA Tax Credit Program.

RECOMMENDATIONS

We recommend that MSF properly report all information required by Section 207.810 of the *Michigan Compiled Laws* in its annual reports to the Legislature.

We also recommend that MSF enhance its annual report to provide the Legislature with additional information to assist the Legislature in its evaluation of the MEGA Tax Credit Program.

AGENCY PRELIMINARY RESPONSE

MSF partially agrees with the recommendations. MSF informed us it has taken steps to ensure that the annual reports reflect the proper data related to capital

investments, projects approved, location of the companies, and amount of the estimated tax credit.

MSF disagrees with part b. of the finding. MSF informed us that Act 125, P.A. 2009, added language to the MEGA Act to specifically require that MEGA provide the actual number of jobs created or retained for all written agreements after 2009. MSF informed us that it will comply with the new requirements; however, MSF believes that the change in legislation creates a new requirement to report on actual jobs that previously was not stated in the law.

OFFICE OF THE AUDITOR GENERAL EPILOGUE

Section 207.810(b) of the *Michigan Compiled Laws* required reporting the QNJs created. MSF indicated that it interpreted this section to require the reporting of the estimated amount of QNJs from new agreements. However, we interpreted the section to require the reporting of actual jobs created as reported by companies on their requests for MEGA tax credit certificates. The Legislature may have passed Act 125, P.A. 2009, to further clarify QNJs created to be actual jobs created rather than estimated new or retained jobs at the time of the agreement.

EFFORTS TO EVALUATE PROGRAM EFFECTIVENESS

COMMENT

Background: The MEGA Tax Credit Program is an economic development tool to attract or retain businesses for company expansion, relocation, and site decisions. The overall Program goals are to create jobs for Michigan residents, increase and retain capital investment in the State, diversify Michigan's economy, and provide Michigan companies with a competitive edge when competing for site locations. MEGA Tax Credit Program staff analyze information to ensure that projects meet Program requirements for companies expanding, relocating, or retaining operations in Michigan and to verify the accuracy of all tax credits issued.

Audit Objective: To assess the effectiveness of MSF's efforts to evaluate the MEGA Tax Credit Program in creating and retaining jobs.

Audit Conclusion: We concluded that MSF's efforts to evaluate the MEGA Tax Credit Program in creating and retaining jobs were moderately effective. Our

assessment disclosed one reportable condition related to evaluation of the MEGA Tax Credit Program effectiveness (Finding 6).

FINDING

6. Evaluation of the MEGA Tax Credit Program Effectiveness

MSF did not develop comparative evaluations to measure actual outputs and outcomes to a desired level of outputs and outcomes, a peer group performance, and/or historical performance of the MEGA Tax Credit Program. As a result, the MEGA Board and policymakers did not have sufficient information to assist them in evaluating the effectiveness of the MEGA Tax Credit Program.

MSF developed a strategic planning process to assess the MEGA Tax Credit Program as part of its overall economic development programs. MSF issued reports including a summary of the economic incentive programs offered in Michigan, economic incentive programs that competitor states offer, and statistics related to the MEGA tax credit agreements.

MSF completed an analysis of the MEGA Tax Credit Program in January 2009, which included output information regarding the status and number of companies utilizing MEGA tax credits, the total number of direct jobs created or retained, the total amount of tax credits certified, and the average weekly wage claimed for QNJJs. However, MSF did not compare the actual output amounts (QNJJs and tax credits) with the related estimated or desired amounts in the tax credit agreements. For example, additional evaluation may consider the percentage of companies submitting requests for MEGA tax credit certificates, the percentage of new jobs actually created, and the tax credit cost per new job.

We compiled additional analyses of MEGA agreements and MEGA tax credit certifications and presented the results in Exhibits 1 through 4, presented as supplemental information of this audit report. These analyses are examples of output and outcome data that could aid in the evaluation of the effectiveness of the MEGA Tax Credit Program. MSF should review what outputs and outcomes are available for the MEGA Tax Credit Program and develop further analyses.

RECOMMENDATION

We recommend that MSF develop comparative evaluations to measure actual outputs and outcomes to a desired level of outputs and outcomes, a peer group performance, and/or historical performance of the MEGA Tax Credit Program.

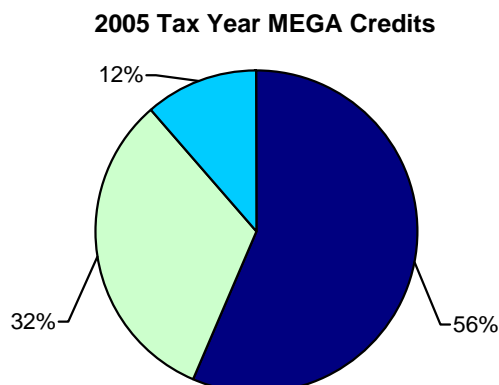
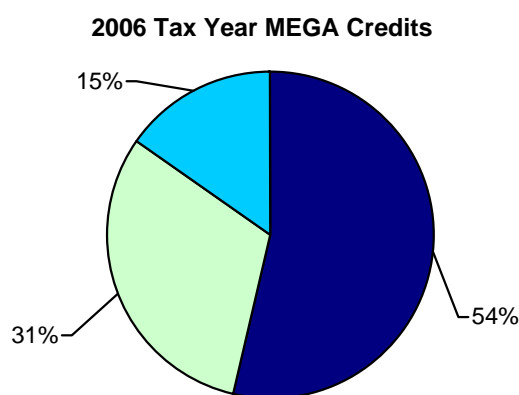
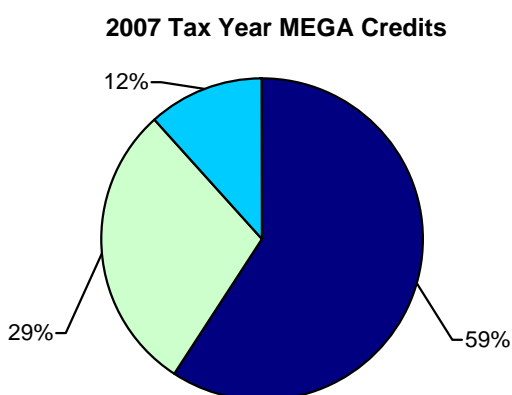
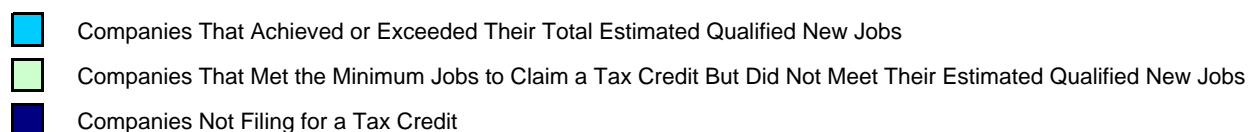
AGENCY PRELIMINARY RESPONSE

MSF agrees with the recommendation that MSF develop comparative evaluations to compare the maximum anticipated jobs to actual jobs created. MSF has historically done comparative analyses and used evaluation tools to assess the effectiveness of the MEGA Tax Credit Program. MSF has conducted state-to-state comparisons, historical analyses, return on investment, program utilization, and other program analysis reports. MSF informed us that these analyses impacted the legislative changes that have periodically been made to improve the MEGA Tax Credit Program.

SUPPLEMENTAL INFORMATION

MICHIGAN ECONOMIC GROWTH AUTHORITY (MEGA) TAX CREDIT PROGRAM
Michigan Strategic Fund

Analysis of Percentage of Companies Achieving Estimated Qualified New Jobs,
Companies That Met the Minimum Required Qualified New Jobs, and Companies Not Filing for a Tax Credit
For the Period January 1, 2005 through December 31, 2007



Source: Unaudited company tax credit certificates, MEGA project files, Michigan Strategic Fund.

Observation: Of the companies with MEGA agreements, 54% to 59% did not meet the minimum number of qualified new jobs to qualify for and request a tax credit.

For detailed information regarding all companies with MEGA agreements, see Exhibit 2. For detailed information regarding companies that filed for a tax credit, see Exhibit 3.

MICHIGAN ECONOMIC GROWTH AUTHORITY (MEGA) TAX CREDIT PROGRAM
Michigan Strategic Fund

Comparison of Estimated Direct Jobs and Estimated Tax Credit Amounts to Actual Direct Jobs Claimed and
Actual Tax Credit Amounts Approved for All Companies With Active MEGA Agreements
For the Period January 1, 2005 through December 31, 2007

Agreement Year	Type of Agreement	Total Number of MEGA Agreements	Total Number of Companies Claiming Credits	Percentage of Companies Claiming Credits	Estimated Jobs (1)	Actual Claimed Jobs (1)	Percentage of Jobs Created to Estimates
2005	Standard	152	58	38%	50,025	15,317	31%
	High-Tech	38	19	50%	4,503	813	18%
	Retention	9	9	100%	19,207	19,026	99%
	Rural	1	1	100%	80	26	33%
2006	Standard	173	72	42%	55,015	18,188	33%
	High-Tech	47	24	51%	5,997	1,181	20%
	Retention	17	14	82%	25,638	26,089	102%
	Rural	5	2	40%	412	102	25%
2007	Standard	193	64	33%	59,449	14,949	25%
	High-Tech	56	28	50%	8,653	1,597	18%
	Retention	24	20	83%	48,062	45,149	94%
	Rural	9	3	33%	817	113	14%

(1) The amount of estimated and claimed jobs is cumulative over the life of the project (i.e., a company's MEGA agreement covers multiple years; therefore, the estimated jobs listed in 2005 will again be listed in 2006 and 2007). For example, the standard agreements' 50,025 estimated jobs in 2005 are also within the 55,015 jobs in 2006 and within the 59,449 jobs in 2007. As a result, the estimated and actual claimed jobs for each year are not all new jobs.

(2) The amount of estimated and actual credits is the amount expected and claimed for one year and is not cumulative over the life of the project.

Source: Unaudited company tax credit certificates, MEGA project files, Michigan Strategic Fund.

Observations: The retention type agreements are the most successful in achieving 97% of their stated goals of retaining jobs within Michigan. The remaining types of MEGA agreements have a combined success rate of 28% in creating new jobs.

UNAUDITED
Exhibit 2

Estimated Credits (2)	Actual Claimed Credits (2)	Percentage of Tax Credits Taken to Estimates
\$ 81,093,480	\$ 30,741,199	38%
\$ 9,117,265	\$ 3,487,719	38%
\$ 27,609,800	\$ 27,644,476	100%
\$ 55,300	\$ 29,398	53%
\$ 85,573,722	\$ 35,762,569	42%
\$ 12,188,415	\$ 4,134,103	34%
\$ 34,982,657	\$ 40,385,702	115%
\$ 327,250	\$ 102,928	31%
\$ 92,792,788	\$ 30,773,887	33%
\$ 18,290,839	\$ 4,920,111	27%
\$ 50,243,521	\$ 71,852,377	143%
\$ 802,218	\$ 118,143	15%

MICHIGAN ECONOMIC GROWTH AUTHORITY (MEGA) TAX CREDIT PROGRAM
Michigan Strategic Fund

Comparison of Estimated to Actual Direct Jobs and Estimated to Actual Tax Credits
for Companies Applying for a MEGA Tax Credit
For the Period January 1, 2005 through December 31, 2007

Exhibit 3a - Companies Meeting or Exceeding Their Estimates of Qualified New Jobs

Agreement Year	Type of Agreement (1)	Total Number of Companies	Estimated Jobs	Claimed Jobs	Percentage of Jobs Created to Estimate	Estimated Credits	Actual Credits	Percentage of Tax Credits Taken to Estimate
2005	Standard	16	3,896	4,165	107%	\$ 6,817,243	\$ 10,765,857	158%
	High-Tech	2	284	284	100%	\$ 686,059	\$ 880,266	128%
	Retention	5	8,434	12,871	153%	\$ 12,521,000	\$ 17,275,230	138%
2006	Standard	24	6,225	7,384	119%	\$ 9,784,754	\$ 15,463,374	158%
	High-Tech	3	401	452	113%	\$ 806,071	\$ 1,429,253	177%
	Retention	10	13,969	19,183	137%	\$ 20,127,800	\$ 28,691,280	143%
2007	Standard	14	4,356	4,954	114%	\$ 10,610,892	\$ 11,296,770	106%
	High-Tech	5	590	625	106%	\$ 1,289,629	\$ 1,998,270	155%
	Retention	14	24,737	25,896	105%	\$ 31,074,743	\$ 43,712,354	141%

(1) No rural agreements met or exceeded their job projections.

Exhibit 3b - Companies That Met Minimum Requirements and Qualified to Claim a Credit But Did Not Meet Their Estimates

Agreement Year	Type of Agreement	Number of Companies	Estimated Jobs	Claimed Jobs	Percentage of Jobs Created to Estimate	Estimated Credits	Actual Credits	Percentage of Tax Credits Taken to Estimate
2005	Standard	42	23,473	11,152	48%	\$ 34,817,357	\$ 19,975,342	57%
	High-Tech	17	1,710	529	31%	\$ 4,052,604	\$ 2,607,453	64%
	Retention	4	10,880	6,262	58%	\$ 15,263,800	\$ 10,590,370	69%
	Rural	1	80	26	33%	\$ 55,300	\$ 29,398	53%
2006	Standard	48	24,421	10,804	44%	\$ 36,217,368	\$ 20,299,195	56%
	High-Tech	21	2,629	729	28%	\$ 6,290,356	\$ 2,704,850	43%
	Retention	4	8,883	6,906	78%	\$ 12,881,900	\$ 11,694,422	91%
	Rural	2	155	102	66%	\$ 88,400	\$ 102,928	116%
2007	Standard	50	21,019	9,995	48%	\$ 23,795,012	\$ 19,477,117	82%
	High-Tech	23	4,046	972	24%	\$ 8,896,781	\$ 2,921,841	33%
	Retention	6	20,432	19,253	94%	\$ 17,020,821	\$ 28,140,023	165%
	Rural	3	225	113	50%	\$ 143,543	\$ 118,143	82%

Source: Unaudited company tax credit certificates, MEGA project files, Michigan Strategic Fund.

Observations: For companies that qualify for the MEGA tax credit, generally the amount of the actual tax credits exceeds their estimated tax credits by a larger percentage margin than their actual jobs over their estimated jobs. This is because there is a cap on the maximum number of qualified new jobs (QNJJs) that can be claimed and there is no cap on the amount of tax credit that can be taken in the MEGA tax credit agreements. Therefore, companies that paid a higher wage than estimated in the MEGA tax credit agreement will receive a higher tax credit.

MICHIGAN ECONOMIC GROWTH AUTHORITY (MEGA) TAX CREDIT PROGRAM
Michigan Strategic Fund

Average MEGA Tax Credit Cost Per Direct Job Created by Type of MEGA Project
For the Period January 1, 2005 through December 31, 2007

Type of MEGA Project	Company Tax Year		
	2005	2006	2007
Standard	\$ 2,361	\$ 2,085	\$ 2,179
High-Tech	\$ 5,180	\$ 3,926	\$ 3,289
Retention	\$ 1,456	\$ 1,548	\$ 1,630
Rural	\$ 1,131	\$ 1,009	\$ 1,046
Average tax credit cost per direct job created/retained for all agreement types	\$ 1,934	\$ 1,823	\$ 1,805

Average Tax Credit Claimed Per Company by Type of MEGA Project
For the Period January 1, 2005 through December 31, 2007

Type of MEGA Project	Company Tax Year		
	2005	2006	2007
Standard	\$ 623,406	\$ 526,600	\$ 509,056
High-Tech	\$ 221,650	\$ 193,183	\$ 187,604
Retention	\$ 3,096,178	\$ 2,884,693	\$ 3,679,649
Rural	\$ 29,398	\$ 51,464	\$ 39,381
Average tax credit claimed per company for all agreement types	\$ 784,642	\$ 741,431	\$ 969,944

Source: Unaudited company tax credit certificates, MEGA project files, Michigan Strategic Fund.

Observations: The high-tech MEGA tax credit cost per direct job is significantly higher than the average for all agreement types because of the increased salary requirements of high-tech MEGA agreements. The retention tax credit per company is significantly higher than the average because of the much larger number of jobs that qualify for the credit resulting in a higher payroll amount subject to the credit.

Monitoring and evaluating these costs per direct job and cost per company, along with comparing other states' economic incentive program costs, would provide additional information to determine the effectiveness of the MEGA Tax Credit Program.

MICHIGAN ECONOMIC GROWTH AUTHORITY (MEGA) TAX CREDIT PROGRAM
Michigan Strategic Fund

All Approved MEGA Agreement Statistics
For the Period April 20, 1995 through August 18, 2009

Exhibit 5a - Total Number of Agreements Approved by Type by Calendar Year

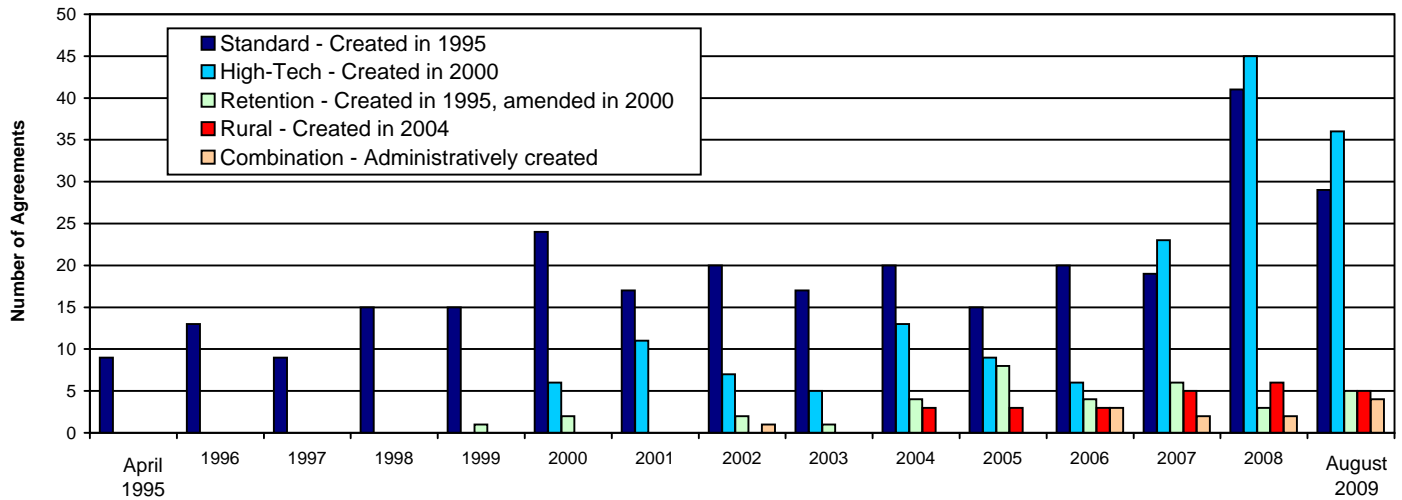


Exhibit 5b - Total MEGA Agreements Approved, Average Credit Years, Average Estimated Tax Credit, Estimated Direct Jobs, and Estimated Indirect Jobs

Type of Agreement	Total Agreements	Average Credit Years	Average Estimated Tax Credit Amount	Estimated Direct Jobs	Average Estimated Direct Jobs Per Agreement	Estimated Indirect Jobs
Standard	283	11.69	\$ 6,597,560	94,122	333	114,904
High-Tech	161	9.31	\$ 5,170,180	31,300	194	34,646
Retention	36	13.06	\$ 27,978,815	56,935	1,582	216,779
Rural	25	7.96	\$ 1,121,447	2,885	115	2,941
Combination	12	9.42	\$ 14,880,506	9,105	759	16,730
Total for all agreements	517	9.31	\$ 7,569,339	194,347	376	386,000

Exhibit 5c - Total Financial Impact Estimated From MEGA Agreements by Type

Type of Agreement	Total Estimated Private Investment	Total Estimated Personal Income Generated	Total Estimated Credit Amount	Total Estimated Net Positive State Impact
Standard	\$ 1,205,143,600	\$ 19,205,256,000	\$ 178,566,071	\$ 1,298,922,929
High-Tech	8,981,950,000	234,631,676,545	1,007,237,347	17,259,852,653
Retention	5,005,898,400	43,151,995,000	832,398,904	2,555,358,087
Rural	172,680,000	1,631,308,000	28,036,177	113,583,823
Combination	10,331,940,300	132,098,137,000	1,867,109,570	8,839,914,988
Total for all agreements	\$25,697,612,300	\$ 430,718,372,545	\$ 3,913,348,069	\$ 30,067,632,480

Source: All MEGA Projects Worksheet, Michigan Strategic Fund.

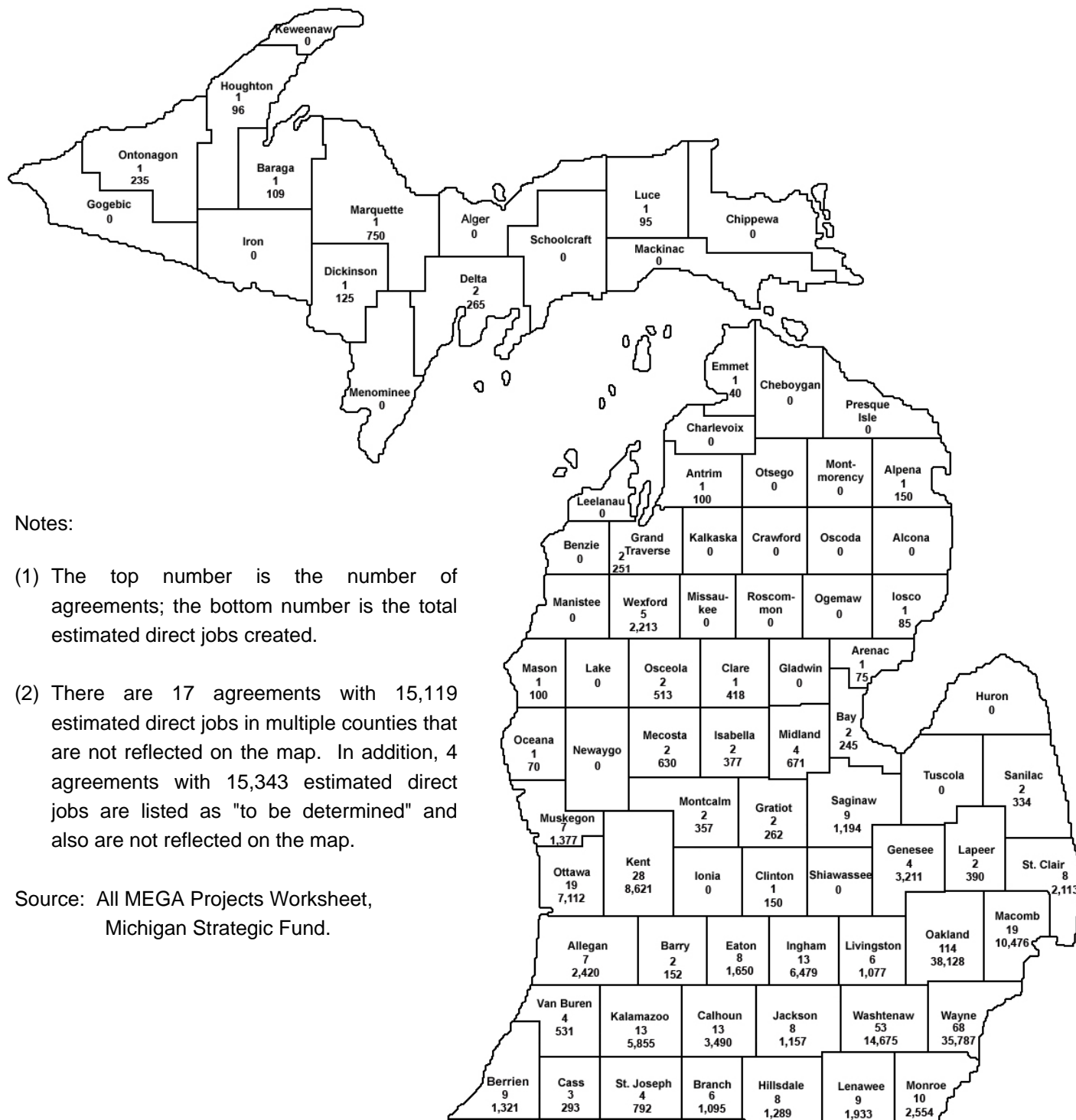
Observations: In the last three years, there has been a significant increase in the number of standard and high-tech MEGA agreements awarded that are directed at creating new jobs. However, while only a small number of companies received retention agreements, the retention agreements affect the greatest number of existing jobs, generated the largest tax credits, and had the longest duration of tax credits.

MICHIGAN ECONOMIC GROWTH AUTHORITY (MEGA) TAX CREDIT PROGRAM

Michigan Strategic Fund

Number of MEGA Agreements and Estimated Direct Jobs to Be Created by County

For the Period April 20, 1995 through August 18, 2009



Notes:

- (1) The top number is the number of agreements; the bottom number is the total estimated direct jobs created.
- (2) There are 17 agreements with 15,119 estimated direct jobs in multiple counties that are not reflected on the map. In addition, 4 agreements with 15,343 estimated direct jobs are listed as "to be determined" and also are not reflected on the map.

Source: All MEGA Projects Worksheet,
Michigan Strategic Fund.

MICHIGAN ECONOMIC GROWTH AUTHORITY (MEGA) TAX CREDIT PROGRAM
Michigan Strategic Fund

All MEGA Approved Agreements
As of August 18, 2009

Company Name	MEGA Project Type	MEGA Approval Date	Project's County Location
Haworth, Inc.	Standard	April 20, 1995	Mecosta
Solvay	Standard	April 20, 1995	Lenawee
Walden Books	Standard	April 20, 1995	Washtenaw
A. O. Smith	Standard	July 26, 1995	Wayne
Gelman Science	No Credit, Project on Hold	August 17, 1995	Washtenaw
Cardell Corp	Standard	October 2, 1995	Oakland
Meridian, Inc.	Standard	October 2, 1995	Ottawa
Shiloh of Michigan	Standard	October 2, 1995	Wayne
Aspen Bay	No Credit, Project on Hold	October 24, 1995	Menominee
Standard Automotive	Standard	November 14, 1995	Muskegon
Hess Industries	No Credit, Project on Hold	December 12, 1995	Berrien
Pilot Industries	Standard	December 12, 1995	Clare
Asama Giken	Standard	February 20, 1996	Branch
IMCO Recycling	Standard	March 1, 1996	Branch
Case Systems	Standard	March 12, 1996	Midland
National TechTeam	Standard	March 12, 1996	Oakland
Shape Corp	Standard	March 12, 1996	Ottawa
Dow Chemical	Standard	June 11, 1996	Midland
Hi - Lex Controls	Standard	June 11, 1996	Hillsdale
Lacks Industries	Standard	June 11, 1996	Kent
Petri Inc.	Standard	June 11, 1996	St. Clair
Worthington Industries/Spartan Steel	Standard	August 13, 1996	Monroe
Compuware	Standard	September 24, 1996	Oakland
Walbro Automotive/Vitec	Standard	September 24, 1996	Wayne
CMI	No Credit, Project on Hold	October 8, 1996	Monroe
Plannja Hard Tech	Standard	November 12, 1996	Ingham
Kwang Jin Sang Gong	No Credit, Project on Hold	December 17, 1996	Calhoun
N-K Manufacturing	Standard	February 14, 1997	Ottawa
Weyburn Aquisition Company	Standard	February 14, 1997	Ottawa
RSDC of Michigan	Standard	March 19, 1997	Ingham
Black & Veatch	Standard	April 8, 1997	Washtenaw
Autocam Corporation	Standard	June 10, 1997	Calhoun
Bosal Industries	Standard	June 10, 1997	Macomb
National TechTeam	No Credit, Project on Hold	June 10, 1997	Chippewa
Gerber Products Co.	No Credit, Project on Hold	September 9, 1997	Newaygo
Neway Anchorlok International	Standard	September 9, 1997	Muskegon
BUDCO	Standard	November 18, 1997	Wayne
GE/Bayer	Standard	December 17, 1997	Oakland
Alsons Corporation	Standard	February 19, 1998	Hillsdale
Robert Bosch Corp.	Standard	February 19, 1998	Oakland
Smiths Industries	Standard	February 19, 1998	Kent
Spicer Heavy Axle/Dana Corporation	Standard	March 4, 1998	Kalamazoo
Wollin Products, Inc.	Standard	March 4, 1998	Eaton
Kmart Corporation	Standard	May 12, 1998	Oakland
Pollard (U.S.) Ltd.	No Credit, Project on Hold	May 28, 1998	Washtenaw
AAR Corporation	Standard	June 19, 1998	Wexford

This exhibit continued on next page.

UNAUDITED
Exhibit 7

Estimated Direct Jobs to Be Created	Estimated Private Invested	Number of Years MEGA Credit Available	Estimated Total Business Tax Credit Amount to Be Claimed During MEGA Agreement Term
342	\$ 43,332,000	20	\$ 6,387,000
250	62,496,000	12	4,665,000
550	16,832,000	15	7,723,000
247	65,355,000	10	3,974,000
0	0	15	3,521,441
505	46,669,000	15	9,970,000
500	24,006,000	20	15,073,000
153	30,016,400	20	5,641,000
0	0	20	7,532,000
25	5,145,000	20	599,000
0	0	5	4,649,000
418	14,622,300	20	9,446,000
300	29,000,000	10	1,653,000
110	11,200,000	12	2,952,000
110	2,100,000	13	769,000
650	6,510,000	9	3,371,000
400	21,000,000	20	11,442,000
110	12,000,000	20	9,561,000
197	9,600,000	10	1,186,000
200	37,800,000	20	5,533,000
396	10,700,000	10	6,334,000
110	85,000,000	12	8,525,000
331	6,600,000	15	5,978,000
353	50,000,000	20	13,636,000
0	0	15	7,782,000
225	54,000,000	20	6,768,000
0	0	12	4,491,000
540	10,500,000	20	6,626,000
163	21,000,000	20	5,426,000
222	80,000,000	15	4,809,000
218	11,200,000	18	3,050,000
200	25,000,000	20	8,787,000
110	6,800,000	18	1,672,000
0	0	9	824,000
0	0	20	6,465,000
163	7,900,000	20	4,420,000
563	19,000,000	17	9,698,000
83	25,800,000	20	5,814,000
105	13,300,000	6	2,071,000
475	37,000,000	15	20,824,000
105	7,450,000	10	4,225,000
203	15,000,000	20	8,970,000
150	13,825,000	20	2,498,000
425	102,410,000	20	14,366,000
0	0	12	2,271,000
300	12,300,000	20	6,043,000

MICHIGAN ECONOMIC GROWTH AUTHORITY (MEGA) TAX CREDIT PROGRAM
Michigan Strategic Fund

All MEGA Approved Agreements
As of August 18, 2009
(Continued)

Company Name	MEGA Project Type	MEGA Approval Date	Project's County Location
Alliant Foodservice	Standard	July 14, 1998	Oakland
The Coca-Cola Co.	Standard	July 14, 1998	Van Buren
P & A Industries, Inc.	Standard	August 11, 1998	Monroe
L & W, Inc.	Standard	September 17, 1998	Lenawee
Centaur, Inc.	No Credit, Project on Hold	October 14, 1998	Monroe
Engineered Machined Products, Inc.	Standard	October 14, 1998	Delta
Howmet International, Inc.	Standard	October 28, 1998	Muskegon
Trumack Assembly, LLC	Standard	October 28, 1998	Wayne
Scott Technologies	Standard	November 17, 1998	Van Buren
Magnesium Products of America	Standard	February 11, 1999	Eaton
Select Steel Corp.	No Credit, Project on Hold	April 6, 1999	Ingham
Steelcase, Inc.	Standard	April 6, 1999	Kent
Behr America, Inc.	Standard	May 12, 1999	Ingham
Flagstar Bank	Standard	May 12, 1999	Oakland
General Motors - Lansing	Retention	May 12, 1999	Ingham
Murco Foods, Inc.	Standard	May 12, 1999	Allegan
Parker Hannifin	Standard	August 20, 1999	Allegan
Cable Constructors	Standard	September 15, 1999	Dickinson
Hoover Universal	Standard	September 15, 1999	Wayne
Decision Consultants	Standard	November 9, 1999	Oakland
Jabil Circuit, Inc.	Standard	November 9, 1999	Oakland
Meritor Light Vehicle	Standard	December 3, 1999	Wayne
Behr America, Inc.	Standard	December 21, 1999	Oakland
Chrysler Financial	Standard	December 21, 1999	Oakland
La-Z-Boy, Inc.	Standard	December 21, 1999	Monroe
No. Mich. Casting	Standard	December 21, 1999	Luce
Webvan Group, Inc.	No Credit, Project on Hold	December 21, 1999	Wayne
American Greetings	Standard	January 25, 2000	Kalamazoo
Behr Industries Corp.	Standard	January 25, 2000	Kent
New Venture Gear, Inc.	No Credit, Project on Hold	January 25, 2000	Oakland
ACN, Inc.	Standard	February 8, 2000	Marquette
Flowserve FSD	Standard	February 8, 2000	Kalamazoo
Hayes Lemmerz	Standard	February 8, 2000	Muskegon
American Axle	Standard	May 23, 2000	St. Joseph
Coca-Cola Company	Standard	May 23, 2000	Van Buren
Altair Engineering	Standard	June 13, 2000	Oakland
Delphi Automotive	Standard	June 13, 2000	Oakland
GM-Platinum Delta Township	Retention	June 13, 2000	Ingham
LDM Technologies	Standard	June 13, 2000	Wayne
AGC America	High Tech	July 12, 2000	Washtenaw
Forest Health Services	Standard	July 12, 2000	Washtenaw
Lakeside Machine	Standard	July 12, 2000	Delta
Nanovation Technologies	Standard	July 12, 2000	Wayne
Target Corporation	Standard	July 12, 2000	Kalamazoo
BorgWarner Cooling	High Tech	August 21, 2000	Calhoun
Kmart Corporation	Standard	August 21, 2000	Oakland

This exhibit continued on next page.

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Exhibit 7

Estimated Direct Jobs to Be Created	Estimated Private Invested	Number of Years MEGA Credit Available	Estimated Total Business Tax Credit Amount to Be Claimed During MEGA Agreement Term
149	\$ 26,200,000	15	\$ 4,980,000
150	31,468,000	20	3,601,000
130	8,151,000	15	2,098,000
340	50,050,000	13	3,113,000
0	0	6	486,000
175	5,250,000	17	2,053,000
580	52,820,000	20	18,706,000
345	26,400,000	20	8,071,000
92	1,000,000	10	391,000
91	22,820,000	10	1,502,000
0	0	10	5,292,000
290	34,000,000	20	4,406,000
124	11,000,000	20	7,176,000
2,600	47,100,000	15	20,595,000
1,511	500,000,000	20	73,087,000
300	1,500,000	20	5,616,000
87	21,000,000	10	1,120,000
125	2,600,000	9	769,000
115	8,000,000	9	2,299,000
250	15,600,000	15	7,885,000
451	38,000,000	20	14,504,000
166	52,280,000	18	3,241,000
105	33,800,000	18	6,450,000
1,294	52,000,000	19	40,072,000
92	3,600,000	14	1,712,000
95	6,350,000	20	1,680,000
0	0	15	23,432,000
200	18,825,000	10	2,428,000
341	3,044,000	8	2,314,000
0	0	10	2,952,000
750	16,000,000	12	4,061,000
125	12,500,000	20	3,146,000
200	75,000,000	20	2,318,000
233	73,200,000	15	12,937,000
150	49,000,000	17	5,071,000
475	26,033,000	12	8,382,000
600	51,820,000	15	24,092,000
2,800	1,062,700,000	20	61,829,000
320	39,471,600	12	5,310,000
35	11,100,000	20	3,076,000
488	20,000,000	5	3,163,000
90	9,100,000	9	1,571,000
0	0	11	9,711,000
900	89,000,000	9	4,534,000
59	7,700,000	10	1,909,000
450	50,000,000	14	15,957,000

MICHIGAN ECONOMIC GROWTH AUTHORITY (MEGA) TAX CREDIT PROGRAM
Michigan Strategic Fund

All MEGA Approved Agreements
As of August 18, 2009
(Continued)

Company Name	MEGA Project Type	MEGA Approval Date	Project's County Location
Acuson Corporation	High Tech	September 20, 2000	Washtenaw
Bekaert ECD Solar Systems	Standard	September 20, 2000	Oakland
Duncan Aviation	Standard	September 20, 2000	Calhoun
Haworth, Inc.	Standard	October 10, 2000	Ottawa
Jackson Precision Die Casting	Standard	October 10, 2000	Jackson
R.J. Tower Corporation	Standard	October 10, 2000	Eaton
ECD-Texaco	High Tech	November 3, 2000	Oakland
Ford Motor Company	Retention	November 3, 2000	Wayne
Harman Enterprises	High Tech	December 19, 2000	Oakland
Parker Hannifin	Standard	December 19, 2000	Kalamazoo
Quicken Loans	Standard	December 19, 2000	Wayne
Sequoia NET.com	Standard	December 19, 2000	Oakland
Tower Automotive	Standard	December 19, 2000	Oakland
Vastera Solutions Services	High Tech	December 19, 2000	Oakland
Statprobe	High Tech	January 11, 2001	Washtenaw
Dow Chemical	Standard	February 1, 2001	Midland
Edgewater Automation	High Tech	February 13, 2001	Berrien
Osmic	High Tech	February 13, 2001	Oakland
Four Winns Boats	Standard	March 22, 2001	Wexford
Whirlpool Technologies	High Tech	April 12, 2001	Berrien
Whirlpool Technologies	High Tech	April 12, 2001	Berrien
Hi-Lex Controls, Inc.	Standard	April 25, 2001	Lenawee
Integrity Design	High Tech	April 25, 2001	Berrien
IPC Communication	Standard	April 25, 2001	Berrien
Johnson Controls Technology	Standard	April 25, 2001	Washtenaw
Picomatrix	High Tech	April 25, 2001	Washtenaw
Siemens Automotive	Standard	April 25, 2001	Oakland
Strategic Interactive	Standard	April 25, 2001	Ingham
Mold Masters Company	Standard	May 15, 2001	Lapeer
The POM Group, Inc.	High Tech	May 15, 2001	Oakland
Krestec Engineering	No Credit, Project on Hold	June 19, 2001	Monroe
Housey Pharmaceutical	High Tech	July 17, 2001	Oakland
Saint-Gobain Sekurit	Standard	August 14, 2001	Macomb
Comcast Midwest Management	Standard	September 17, 2001	Washtenaw
Eaton Hydraulics	Standard	September 17, 2001	Jackson
Grunewald New Technologies	High Tech	September 17, 2001	Oakland
Integrated Sensing Systems	High Tech	September 17, 2001	Washtenaw
Recticel N.A., Inc.	Standard	September 17, 2001	Oakland
Covisint	Standard	November 13, 2001	Oakland
Visteon Corporation	Standard	November 13, 2001	Wayne
Warner-Lambert Company	Standard	November 20, 2001	Washtenaw
Gyricon Media	Standard	December 18, 2001	Washtenaw
Speedrack Products Group	Standard	December 18, 2001	Branch
AW Technical Center	High Tech	March 5, 2002	Washtenaw
CTS Management	Standard	March 5, 2002	Kalamazoo
R.L. Polk	Standard	March 5, 2002	Oakland

This exhibit continued on next page.

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Exhibit 7

Estimated Direct Jobs to Be Created	Estimated Private Invested	Number of Years MEGA Credit Available	Estimated Total Business Tax Credit Amount to Be Claimed During MEGA Agreement Term
156	\$ 14,600,000	6	\$ 724,000
272	63,400,000	15	6,976,000
662	18,000,000	15	3,076,000
455	17,700,000	20	9,091,000
90	13,100,000	10	1,255,000
404	29,400,000	9	6,118,000
82	26,200,000	6	1,844,000
3,800	1,000,000,000	20	88,097,000
78	10,900,000	10	894,000
81	21,800,000	7	1,458,000
515	15,900,000	7	6,140,000
225	7,900,000	7	1,776,000
125	9,300,000	10	5,326,000
150	9,975,000	5	1,298,000
48	6,600,000	5	501,000
350	5,000,000	20	24,260,000
46	784,000	5	238,000
100	9,800,000	12	1,192,000
900	17,600,000	12	11,319,000
164	11,500,000	17	7,549,000
221	8,000,000	17	7,590,000
190	9,963,000	7	947,000
28	575,400	5	160,000
106	2,276,000	10	920,000
1,189	168,000,000	11	26,604,000
243	28,800,000	16	6,896,000
800	67,500,000	13	16,305,000
150	5,650,000	7	1,065,000
300	6,300,000	10	1,549,000
75	17,140,000	6	1,597,000
0	0	11	2,397,000
70	4,200,000	12	1,189,000
400	24,500,000	12	4,575,000
400	16,500,000	15	5,634,000
119	5,409,000	10	2,476,000
42	6,900,000	10	625,000
119	5,300,000	6	634,000
286	48,800,000	10	2,576,000
1,000	23,000,000	20	51,960,000
475	281,000,000	13	15,765,000
600	730,000,000	20	25,814,000
634	31,000,000	10	8,216,000
300	8,600,000	5	1,434,000
45	4,100,000	10	767,000
0	0	10	767,000
300	8,500,000	19	14,044,000

MICHIGAN ECONOMIC GROWTH AUTHORITY (MEGA) TAX CREDIT PROGRAM
Michigan Strategic Fund

All MEGA Approved Agreements
As of August 18, 2009
(Continued)

Company Name	MEGA Project Type	MEGA Approval Date	Project's County Location
Axle Alliance Company	Standard	May 7, 2002	Wayne
Perrigo R&D	High Tech	May 7, 2002	Allegan
Creative Solutions	Standard	June 12, 2002	Washtenaw
Lear Corporation	Standard	June 12, 2002	St. Joseph
Nissan Technical Center	Standard	June 12, 2002	Oakland
Plastech	Standard	June 12, 2002	Wayne
Textron Automotive	Standard	June 12, 2002	St. Clair
Axle Tech	High Tech	July 9, 2002	Oakland
ZF Technologies	High Tech	July 9, 2002	Wayne
Auto Alliance International	Retention and Standard	August 13, 2002	Wayne
Delmia	High Tech	September 11, 2002	Oakland
GM-Orion Assembly	Retention	September 11, 2002	Oakland
Lear Asian OEM	High Tech	September 11, 2002	Wayne
Universal Forest Products	Standard	September 11, 2002	St. Joseph
Veridian	Standard	September 11, 2002	Washtenaw
Brose North America	Standard	October 10, 2002	Oakland
Champion Foods	Standard	November 19, 2002	Wayne
Gentex Corporation	Standard	November 19, 2002	Ottawa
GM-Willow Run Transmission	Retention	November 19, 2002	Washtenaw
L&W Engineering	Standard	November 19, 2002	Monroe
TRW Automotive	Standard	November 19, 2002	Wayne
Advanced Technology Services	Standard	December 17, 2002	Wayne
Akebono	High Tech	December 17, 2002	Wayne
Faurecia Automotive Seating	Standard	December 17, 2002	Oakland
HTC Global Services	Standard	December 17, 2002	Oakland
Robert Bosch Corporation	Standard	December 17, 2002	Wayne
Royal Plastics	Standard	December 17, 2002	Ottawa
Global Engine Alliance	Standard	February 11, 2003	Monroe
Gordon Food Service	Standard	April 15, 2003	Livingston
Grupo Antolin	Standard	April 15, 2003	Sanilac
Inalfa Roof Systems	Standard	April 15, 2003	Genesee
Ironwood Plastics	Standard	April 15, 2003	Houghton
Smiths Aerospace	High Tech	May 27, 2003	Kent
Denso Manufacturing Michigan	Standard	June 17, 2003	Calhoun
Plastech Frenchtown	Standard	June 17, 2003	Monroe
American Mitsuba Corporation	High Tech	July 15, 2003	Livingston
Dispomedic 2000	Standard	July 15, 2003	St. Clair
Fisher & Company	Standard	August 26, 2003	Macomb
MS Truck Body	Standard	August 26, 2003	St. Joseph
USF Technology Services	High Tech	August 26, 2003	Kent
BorgWarner	Standard	September 16, 2003	Oakland
Hyundai America Tech. Center	High Tech	September 16, 2003	Washtenaw
Pilkington North America	Standard	September 16, 2003	Lenawee
CMI-Schneible	Standard	October 14, 2003	Saginaw
Dow Corning	High Tech	October 14, 2003	Bay
Machining Enterprises	Standard	October 14, 2003	Saginaw

This exhibit continued on next page.

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Exhibit 7

Estimated Direct Jobs to Be Created	Estimated Private Invested	Number of Years MEGA Credit Available	Estimated Total Business Tax Credit Amount to Be Claimed During MEGA Agreement Term
215	\$ 21,900,000	15	\$ 5,982,000
25	1,600,000	10	395,000
300	16,100,000	12	3,972,000
190	4,200,000	10	2,393,000
386	38,400,000	17	15,716,000
400	46,200,000	10	2,815,000
187	24,500,000	12	2,235,000
50	5,000,000	6	1,305,000
230	16,400,000	14	7,263,000
3,350	644,000,000	20	94,990,000
111	9,200,000	10	2,003,000
2,288	408,000,000	20	59,510,000
150	6,500,000	10	5,832,000
105	3,000,000	10	852,000
245	38,800,000	16	8,644,000
260	26,200,000	12	6,576,000
199	42,400,000	20	4,771,000
625	97,000,000	20	9,240,000
850	309,000,000	20	17,146,000
200	19,700,000	11	2,095,000
165	16,000,000	11	4,570,000
132	4,600,000	7	997,000
190	54,000,000	10	3,639,000
205	12,400,000	10	7,304,000
500	20,000,000	10	7,265,000
700	65,100,000	17	20,875,000
828	35,000,000	20	13,652,000
400	374,900,000	20	14,404,000
125	19,500,000	12	1,108,000
214	21,400,000	10	2,117,000
161	8,400,000	10	1,930,000
96	9,000,000	13	689,000
120	5,400,000	9	2,178,000
300	45,000,000	10	1,448,000
900	110,000,000	13	9,936,000
85	10,700,000	10	1,622,000
200	9,000,000	10	1,698,000
181	21,000,000	13	3,271,000
264	1,250,000	5	1,171,000
80	28,000,000	10	2,117,000
90	8,900,000	10	2,618,000
400	117,300,000	20	22,230,000
120	3,200,000	10	474,000
41	4,500,000	10	352,000
140	21,700,000	10	4,559,000
48	19,500,000	10	691,000

MICHIGAN ECONOMIC GROWTH AUTHORITY (MEGA) TAX CREDIT PROGRAM
Michigan Strategic Fund

All MEGA Approved Agreements
As of August 18, 2009
(Continued)

Company Name	MEGA Project Type	MEGA Approval Date	Project's County Location
Michigan Production Machining	Standard	October 14, 2003	Saginaw
Ford Motor Company	Retention	November 18, 2003	Wayne
Karman Manufacturing	Standard	December 16, 2003	Wayne
ZF Lemforder	Standard	December 16, 2003	Lapeer
Sensicore	High Tech	January 20, 2004	Washtenaw
Global Engine Manufacturing Alliance	Standard	February 17, 2004	Monroe
Mitsubishi Heavy Industries	High Tech	February 17, 2004	Macomb
Dr. Schneider Automotive Systems	Standard	March 16, 2004	Livingston
GM Powertrain - Warren Transmission & Powertrain	Retention	March 16, 2004	Macomb
ICG Berrien	Standard	April 13, 2004	Berrien
Infineon Technologies	High Tech	April 13, 2004	Wayne
Dawn Food Products	Standard	May 18, 2004	Jackson
General Dynamics Land Systems	Standard	May 18, 2004	Macomb
JATCO USA	Standard	May 18, 2004	Oakland
Kellogg Company	Standard	May 18, 2004	Calhoun
Quicken Loans	Standard	May 18, 2004	Oakland
RLP Technologies	High Tech	May 18, 2004	Oakland
TG North America	High Tech	May 18, 2004	Oakland
Cobasys	High Tech	June 15, 2004	Oakland
Guardian Fiberglass	Standard	June 15, 2004	Calhoun
MSC Walbridge Coatings	High Tech	June 15, 2004	Wayne
Spartan Motors Chassis, Inc.	Standard	June 15, 2004	Eaton
Delfield	Standard	July 13, 2004	Isabella
Haworth, Inc.	Standard	July 13, 2004	Multiple
INCAT Systems	High Tech	July 13, 2004	Oakland
Lacks Enterprises	Standard	July 13, 2004	Kent
Alphi Manufacturing	Rural	August 17, 2004	Hillsdale
Steelcase Wood Plant	Standard	August 17, 2004	Kent
Atlantic Automotive Components	Standard	September 14, 2004	Berrien
Ceradyne	High Tech	September 14, 2004	Oakland
Meridian Automotive Systems	Standard	September 14, 2004	Livingston
Mobius Microsystems	High Tech	September 14, 2004	Wayne
Nicholas Plastics	Standard	September 14, 2004	Ottawa
Saturn Electronics	High Tech	September 14, 2004	Ottawa
E.A.B. Fabrication	Rural	October 19, 2004	Branch
Grupo Antolin Michigan	Rural	October 19, 2004	Sanilac
Musashi Auto Parts - Michigan	Standard	October 19, 2004	Calhoun
Hemlock Semiconductor	High Tech	November 16, 2004	Saginaw
Michigan Packaging	Retention	November 16, 2004	Ingham
pgam Corporation	Standard	November 16, 2004	Oakland
General Motors - Flint Assembly Truck/Flint Engine	Retention	November 30, 2004	Genesee
Affinia Group, Inc.	Standard	December 14, 2004	Washtenaw
Federal-Mogul Corp.	Retention	December 14, 2004	Multiple
Patriot Antenna Systems, Inc.	High Tech	December 14, 2004	Calhoun
Raymond James & Associates	Standard	January 18, 2005	Oakland
DaimlerChrysler Corporation	Retention	February 15, 2005	Macomb

This exhibit continued on next page.

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Exhibit 7

Estimated Direct Jobs to Be Created	Estimated Private Invested	Number of Years MEGA Credit Available	Estimated Total Business Tax Credit Amount to Be Claimed During MEGA Agreement Term
25	\$ 7,100,000	10	\$ 195,000
2,662	583,000,000	20	48,833,000
251	13,000,000	12	2,986,000
90	34,700,000	10	1,116,000
156	4,700,000	8	1,523,000
300	323,200,000	20	21,613,000
75	7,400,000	10	1,329,000
350	26,500,000	15	3,170,000
518	299,000,000	20	10,402,000
240	12,500,000	10	2,373,000
45	4,800,000	10	1,920,000
110	12,000,000	15	1,940,000
325	6,600,000	12	13,681,000
106	11,900,000	7	971,000
300	3,200,000	5	3,724,000
1,200	29,100,000	6	29,627,000
150	4,850,000	8	2,105,000
200	3,500,000	10	5,888,000
150	1,500,000	10	3,943,000
150	31,500,000	12	1,594,000
27	17,400,000	10	800,000
415	7,300,000	10	4,345,000
219	4,000,000	7	1,843,000
1,000	42,700,000	12	10,511,000
300	7,000,000	10	5,704,000
424	17,500,000	6	2,507,000
80	6,000,000	10	553,000
350	3,400,000	10	2,456,000
71	21,800,000	10	707,000
52	2,700,000	10	946,000
250	28,000,000	10	2,236,000
500	12,000,000	10	4,395,000
250	18,000,000	12	3,777,000
124	20,000,000	9	1,637,000
75	800,000	10	331,000
120	8,800,000	10	1,038,000
178	26,400,000	10	1,407,000
60	40,000,000	10	1,176,000
107	11,000,000	10	1,750,000
117	15,300,000	10	1,700,000
2,862	400,000,000	10	28,244,000
100	4,300,000	10	1,773,000
1,866	6,000,000	20	65,490,000
25	3,500,000	10	431,000
200	15,000,000	10	2,167,000
5,123	506,800,000	5	18,880,000

MICHIGAN ECONOMIC GROWTH AUTHORITY (MEGA) TAX CREDIT PROGRAM
Michigan Strategic Fund

All MEGA Approved Agreements
As of August 18, 2009
(Continued)

Company Name	MEGA Project Type	MEGA Approval Date	Project's County Location
Metaldyne Machining & Assembly	Rural	February 15, 2005	Barry
Quicken Loans	Standard	February 15, 2005	Wayne
Assay Designs	High Tech	March 15, 2005	Washtenaw
Emerald Graphics	Standard	March 15, 2005	Kent
Faurecia Interior Systems	Standard	March 15, 2005	Macomb
SBC	Retention	March 15, 2005	Multiple
Toyota Technical Center USA	Standard	April 12, 2005	Washtenaw
American Communications Network	Standard	April 19, 2005	Oakland
Hoover Universal	Retention	April 19, 2005	Calhoun
Hoover Universal	Retention	April 19, 2005	Ottawa
X-Rite	Standard	April 19, 2005	Kent
ALD Thermal Treatment	Standard	May 17, 2005	St. Clair
American Axle & Manufacturing	Retention	May 17, 2005	Multiple
Commonwealth Associates	High Tech	May 17, 2005	Jackson
Compact Power	High Tech	May 17, 2005	Oakland
Duncan Aviation	Standard	May 17, 2005	Calhoun
J&L America	Standard	May 17, 2005	Oakland
Stryker	High Tech	May 17, 2005	Kalamazoo
United Solar Ovonic	Standard	May 17, 2005	Oakland
Universal Am-Can	Standard	May 17, 2005	Macomb
Detroit Diesel	Retention	June 21, 2005	Wayne
Severstal North America	Retention	June 21, 2005	Wayne
Smiths Aerospace	High Tech	June 21, 2005	Kent
S2 Yachts	Standard	August 1, 2005	Allegan
American Systems Technology	High Tech	August 23, 2005	Oakland
Comcast of Willow Grove	Standard	September 20, 2005	Macomb
Systems Technology Group	High Tech	September 20, 2005	Oakland
Keebler Company	Standard	October 18, 2005	Kent
Michigan Rubber Products	Rural	October 18, 2005	Wexford
Cadillac Castings	Retention	November 15, 2005	Wexford
Cobra Motorcycle Manufacturing	Rural	November 15, 2005	Hillsdale
Hemlock Semiconductor	High Tech	November 15, 2005	Saginaw
Hyundai America Tech Center	High Tech	December 20, 2005	Washtenaw
Advanced Photonix, Inc.	High Tech	January 17, 2006	Washtenaw
BioPort Corporation	Retention	February 14, 2006	Ingham
Marisa Industries, Inc.	Standard	March 14, 2006	Oakland
Surefil LLC	Standard	March 14, 2006	Kent
United Solar Ovonic LLC	Standard	March 22, 2006	Montcalm
General Motors Corporation - Willow Run Transmission II	Retention	April 18, 2006	Washtenaw
Hess Industries, Inc.	Standard	April 18, 2006	Cass
Otsego Paper, Inc.	Standard	April 18, 2006	Allegan
Second Chance Armor, Inc.	Rural	April 18, 2006	Antrim
Comau Pico, Inc.	Standard	May 16, 2006	Wayne
Whirlpool Technologies, LLC	Standard	May 16, 2006	Berrien
Smurfit-Stone Container Enterprises, Inc.	Retention	June 13, 2006	Ontonagon
Xoran Technologies, Inc.	High Tech	June 13, 2006	Washtenaw

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Estimated Direct Jobs to Be Created	Estimated Private Invested	Number of Years MEGA Credit Available	Estimated Total Business Tax Credit Amount to Be Claimed During MEGA Agreement Term
64	\$ 8,100,000	8	\$ 670,000
500	11,000,000	6	6,867,000
86	18,000,000	8	765,000
347	9,000,000	10	3,198,000
448	40,000,000	10	6,383,000
930	3,700,000	6	18,108,000
400	150,000,000	20	38,906,000
575	27,000,000	10	6,371,000
203	49,000,000	20	11,027,000
544	69,000,000	14	6,382,000
313	44,500,000	14	10,698,000
95	20,000,000	7	915,000
650	80,000,000	8	7,726,000
50	2,800,000	10	947,000
168	18,100,000	10	3,862,000
380	19,500,000	6	2,250,000
300	11,800,000	8	3,467,000
100	20,400,000	20	5,811,000
230	80,200,000	20	6,114,000
594	16,000,000	10	5,661,000
632	275,000,000	10	3,904,000
2,005	250,000,000	20	28,787,000
65	2,400,000	6	648,000
400	14,000,000	13	4,723,000
164	3,700,000	7	2,529,000
200	4,500,000	12	2,591,000
356	2,200,000	10	4,843,000
352	5,600,000	10	3,857,000
73	595,000	10	513,000
375	2,000,000	7	2,709,000
70	1,500,000	7	386,000
150	218,000,000	15	5,193,000
600	94,000,000	20	32,623,000
68	2,200,000	10	1,166,000
322	72,500,000	10	6,361,000
223	14,400,000	9	2,278,000
278	6,200,000	10	3,708,000
200	129,200,000	20	5,696,000
2,000	125,000,000	20	34,694,000
131	4,500,000	5	1,499,000
112	102,000,000	5	1,147,000
100	1,075,000	9	766,000
120	90,400,000	15	7,643,000
400	5,000,000	13	10,449,000
235	5,700,000	10	4,848,000
171	3,700,000	10	7,174,000

MICHIGAN ECONOMIC GROWTH AUTHORITY (MEGA) TAX CREDIT PROGRAM
Michigan Strategic Fund

All MEGA Approved Agreements
As of August 18, 2009
(Continued)

Company Name	MEGA Project Type	MEGA Approval Date	Project's County Location
Google Inc.	High Tech	July 11, 2006	Washtenaw
Albermarle Corporation	Retention and Rural	July 19, 2006	Van Buren
Alphi Manufacturing, Inc.	Rural	July 19, 2006	Hillsdale
AVL Powertrain Engineering, Inc.	High Tech	July 19, 2006	Wayne
SKD L.P.	Rural	July 19, 2006	Hillsdale
Ford Motor Company	Retention	August 9, 2006	To Be Determined
Cadillac Rubber & Plastics, Inc.	Retention and Rural	August 15, 2006	Wexford
Gestamp US HardTech, Inc.	Standard	August 15, 2006	Ingham
Martinrea Industries, Inc.	Standard	August 15, 2006	Washtenaw
A.G. Simpson USA, Inc.	Standard	October 17, 2006	Macomb
American Litho, Inc.	Standard	October 17, 2006	Kent
Backyard Storage Solutions, LLC	Standard	October 17, 2006	Monroe
BASF Corporation	Standard	October 17, 2006	Wayne
Grid4 Communications, Inc.	High Tech	October 17, 2006	Oakland
Hi-Lex Controls, Inc.	Standard	October 17, 2006	Hillsdale
Karmann Manufacturing, LLC	Standard	October 17, 2006	Wayne
PureFlex, Inc.	Standard	October 17, 2006	Kent
Ryder Integrated Logistics, Inc.	Standard	October 17, 2006	Oakland
Siemens VDO Automotive Corporation	Retention and Standard	October 17, 2006	Oakland
Siemens Water Technologies Corporation	Standard	October 17, 2006	Ottawa
The Tech Group Grand Rapids, Inc.	Standard	October 17, 2006	Kent
Edgewater Automation, LLC	High Tech	November 14, 2006	Berrien
LenderLive Network, Inc.	Standard	December 19, 2006	Oakland
Eaton Aeroquip, Inc.	Retention	January 16, 2007	Jackson
ParkingCarma Inc.	High Tech	January 16, 2007	Genesee
Tesla Motors, Inc.	High Tech	January 16, 2007	Oakland
FEV Engine Technology, Inc.	High Tech	February 13, 2007	Oakland
Gentz Aerospace Production, LLC	Standard	February 13, 2007	Macomb
Landon IP, Inc.	High Tech	February 13, 2007	Oakland
TechSmith Corporation	High Tech	February 13, 2007	Ingham
VC Regional Assembly & Manufacturing LLC	Standard	February 13, 2007	Wayne
Delphi Automotive Systems LLC	Retention	March 13, 2007	Oakland
FACTON Inc.	High Tech	March 13, 2007	Oakland
General Motors Corporation - Orion #2	Retention	March 13, 2007	Multiple
Kostal of America, Inc.	High Tech	March 13, 2007	Oakland
Lycera Corporation	High Tech	March 13, 2007	Washtenaw
MBtech Autodie, LLC	Retention	March 13, 2007	Kent
Netlink Software Group America, Inc.	High Tech	March 13, 2007	Oakland
Hemlock Semiconductor Corporation	High Tech	March 30, 2007	Saginaw
Cayman Chemical Company	High Tech	April 17, 2007	Washtenaw
DaimlerChrysler Corporation	Retention	April 17, 2007	Wayne
IAV Automotive Engineering, Inc.	High Tech	April 17, 2007	Washtenaw
Keihin Michigan Manufacturing, LLC	Standard	April 17, 2007	St. Clair
Microposite, Inc.	High Tech	April 17, 2007	Oakland
Seissenschmidt Corporation	Rural	April 17, 2007	Iosco
World Alliance Financial Corp.	Standard	April 17, 2007	Oakland

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Estimated Direct Jobs to Be Created	Estimated Private Invested	Number of Years MEGA Credit Available	Estimated Total Business Tax Credit Amount to Be Claimed During MEGA Agreement Term
1,000	\$ 20,000,000	20	\$ 38,250,000
139	32,000,000	11	4,114,000
120	4,200,000	7	449,000
125	4,900,000	12	3,563,000
400	8,200,000	10	3,295,000
13,740	1,000,000,000	20	151,236,000
565	7,600,000	7	5,387,000
150	74,000,000	15	2,501,000
197	8,300,000	11	2,653,000
130	9,800,000	6	576,000
163	13,500,000	9	1,697,000
80	5,025,000	7	561,000
175	150,000,000	10	5,556,000
33	500,000	6	501,000
208	20,600,000	7	1,295,000
375	22,000,000	10	4,414,000
225	7,300,000	15	4,202,000
400	20,000,000	7	3,968,000
1,100	50,000,000	10	27,765,000
80	3,000,000	9	1,109,000
105	12,400,000	7	1,827,000
45	1,050,000	5	263,000
350	7,400,000	7	4,076,000
364	1,000,000	7	5,573,000
110	4,000,000	7	979,000
75	47,700,000	3	602,000
180	4,300,000	5	1,155,000
125	3,700,000	7	1,087,000
299	3,900,000	5	2,160,000
75	18,000,000	10	1,256,000
175	35,000,000	7	1,730,000
910	22,000,000	7	12,104,000
59	1,000,000	5	509,000
880	500,000,000	10	6,683,000
203	13,600,000	10	5,075,000
28	676,000	5	499,000
200	5,400,000	8	1,868,000
298	4,000,000	7	3,697,000
270	900,000,000	15	8,170,000
208	9,700,000	10	3,144,000
485	475,000,000	9	11,173,000
107	18,200,000	12	3,030,000
260	22,000,000	11	3,079,000
62	7,000,000	5	468,000
85	1,300,000	7	516,000
350	835,000	8	3,536,000

MICHIGAN ECONOMIC GROWTH AUTHORITY (MEGA) TAX CREDIT PROGRAM
Michigan Strategic Fund

All MEGA Approved Agreements
As of August 18, 2009
(Continued)

Company Name	MEGA Project Type	MEGA Approval Date	Project's County Location
Dowding Machining, LLC	Standard	May 15, 2007	Eaton
Sparton Corporation	Standard	May 15, 2007	Jackson
Ventra Evert, LLC	Retention	May 15, 2007	Osceola
General Mills Operations, Inc.	Rural	June 19, 2007	Osceola
Hitachi Automotive Products USA, Inc.	High Tech	June 19, 2007	Oakland
LMS North America	High Tech	June 19, 2007	Oakland
Media Genesis, Inc.	High Tech	June 19, 2007	Oakland
Signa Group Inc. DBA Whitehall Industries, Inc.	Rural	June 19, 2007	Mason
Adaptive Materials, Inc.	High Tech	August 14, 2007	Washtenaw
Bolton & Associates, LLC	Standard	August 14, 2007	Oakland
Caraco Pharmaceutical Laboratories, Ltd.	Standard	August 14, 2007	Wayne
HandyLab, Inc.	High Tech	August 14, 2007	Washtenaw
Karl Schmidt Unisia, Inc.	High Tech	August 14, 2007	Oakland
MediaSpan Group, Inc.	High Tech	August 14, 2007	Washtenaw
Azure Dynamics Corporation of America	Standard	September 18, 2007	Oakland
Credit Acceptance Corporation	Standard	September 18, 2007	Oakland
Granvic Investments, LLC	Rural	September 18, 2007	Arenac
MARS Advertising Prize Logic, LLC	Standard	September 18, 2007	Oakland
Sysco Food Services of Detroit, LLC	Standard	September 18, 2007	Wayne
Thunder Bay Development, LLC	Rural	September 18, 2007	Alpena
Accident Fund Insurance Company of America	Standard	October 8, 2007	Ingham
Aernnova Engineering US, Inc.	High Tech	October 16, 2007	Washtenaw
Camshaft Machine Company, LLC	Standard	October 16, 2007	Branch
NEAPCO Driveline LLC	Standard	October 16, 2007	Wayne
Chrysler, LLC	Retention and Standard	October 26, 2007	Wayne
Dearborn Group, Inc.	Standard	November 13, 2007	Oakland
Inergy Automotive Systems, LLC	Standard	November 13, 2007	Lenawee
International Automotive Components N.A., Inc.	Retention and Standard	November 13, 2007	Multiple
Accuri Cytometers, Inc.	High Tech	December 18, 2007	Washtenaw
MS Automotive, LLC	Standard	December 18, 2007	Livingston
ProQuest, LLC	High Tech	December 18, 2007	Washtenaw
Unified Brands, Inc.	Standard	December 18, 2007	Isabella
Arbor Networks, Inc.	High Tech	January 22, 2008	Washtenaw
NxtGen Emission Controls USA, Inc.	High Tech	January 22, 2008	Oakland
Behr-Hella Thermocontrol, Inc.	High Tech	February 19, 2008	Oakland
General Dynamics Land Systems, Inc.	Standard	February 19, 2008	Macomb
Kaiser Aluminum Fabricated Products, LLC	Standard	February 19, 2008	Kalamazoo
ArvinMeritor OE, LLC	Standard	March 18, 2008	Wayne
Boar's Head Provisions Company, LLC	Standard	March 18, 2008	Ottawa
Brose Jefferson	Standard	March 18, 2008	Macomb
MyBuys, Inc.	High Tech	March 18, 2008	Washtenaw
North American Bancard, Inc.	Standard	March 18, 2008	Oakland
Paragon Metals	Rural	March 18, 2008	Branch
Ricardo, Inc.	High Tech	March 18, 2008	Wayne
Sakti3	High Tech	March 18, 2008	Washtenaw
BAE Systems Land and Armaments LP	High Tech	April 22, 2008	Macomb

This exhibit continued on next page.

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Estimated Direct Jobs to Be Created	Estimated Private Invested	Number of Years MEGA Credit Available	Estimated Total Business Tax Credit Amount to Be Claimed During MEGA Agreement Term
200	\$ 7,150,000	10	\$ 1,526,000
100	2,700,000	12	1,305,000
488	3,000,000	7	3,808,000
25	32,000,000	7	166,000
100	16,000,000	7	1,328,000
50	600,000	7	686,000
155	3,750,000	7	1,301,000
100	6,300,000	7	704,000
100	2,800,000	7	760,000
150	1,000,000	7	1,848,000
598	14,500,000	10	6,889,000
56	3,000,000	7	672,000
153	11,000,000	8	3,426,000
82	1,750,000	7	873,000
125	2,300,000	7	1,773,000
506	3,800,000	7	4,613,000
75	2,700,000	7	388,000
150	17,000,000	10	1,948,000
130	18,000,000	9	2,239,000
150	15,000,000	7	1,827,000
500	182,000,000	12	9,023,000
600	10,000,000	15	16,867,000
180	1,400,000	7	1,462,000
285	29,400,000	7	4,505,000
400	366,000,000	7	6,037,000
61	1,170,000	5	494,000
189	8,200,000	7	1,316,000
2,609	5,900,000	10	23,473,000
88	2,000,000	10	1,490,000
106	21,800,000	7	883,000
303	19,000,000	10	10,132,000
158	6,750,000	7	1,329,000
56	14,000,000	10	1,539,000
47	1,200,000	10	909,000
70	7,900,000	7	825,000
500	10,000,000	12	19,781,000
300	80,000,000	10	3,737,000
119	15,900,000	7	1,054,000
208	24,000,000	7	1,618,000
517	23,000,000	7	7,440,000
250	5,400,000	10	3,928,000
1,500	25,000,000	12	21,573,000
130	7,000,000	7	1,022,000
32	2,000,000	10	991,000
112	1,100,000	10	2,900,000
460	58,400,000	14	28,080,637

MICHIGAN ECONOMIC GROWTH AUTHORITY (MEGA) TAX CREDIT PROGRAM
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All MEGA Approved Agreements
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Company Name	MEGA Project Type	MEGA Approval Date	Project's County Location
MPI Research, Inc.	High Tech	April 22, 2008	Kalamazoo
Von Weise, Inc.	Standard	April 22, 2008	Eaton
EcoMotors International, Inc.	High Tech	May 20, 2008	Oakland
Marimba Auto, LLC	Standard	May 20, 2008	Wayne
Northland Corporation, Inc.	Rural	May 20, 2008	Montcalm
Raval USA, Inc.	High Tech	May 20, 2008	Oakland
TransIT Solutions, LLC	High Tech	May 20, 2008	Bay
Azentek, LLC	High Tech	June 17, 2008	Genesee
Brembo North America Homer, Inc.	Retention and Standard	June 17, 2008	Multiple
MAHLE Engine Components USA, Inc.	Rural	June 17, 2008	Clinton
MAHLE Industries Incorporated	High Tech	June 17, 2008	Oakland
priceline.com, Incorporated	Standard	June 17, 2008	Kent
Production Engineering, Inc.	Retention and Standard	June 17, 2008	Jackson
Rayconnect, Inc.	Retention	June 17, 2008	Oakland
Unique Instruments, Inc.	High Tech	June 17, 2008	Saginaw
Venchurs, Inc.	Standard	June 17, 2008	Lenawee
Echo Global Logistics, Inc.	Standard	July 15, 2008	Oakland
Evergreen Solar, Inc.	High Tech	July 15, 2008	Midland
ForeSee Results, Inc.	High Tech	July 15, 2008	To Be Determined
Gibbs Technologies, Inc.	High Tech	July 15, 2008	Oakland
Graphic Packaging International, Inc.	Standard	July 15, 2008	Kalamazoo
Harman Becker Automotive Systems, Inc.	Standard	July 15, 2008	Oakland
International Bancard Corporation	Standard	July 15, 2008	Oakland
Michigan Institute of Aeronautics, Inc.	High Tech	July 15, 2008	Wayne
Perrigo Company	Standard	July 15, 2008	Allegan
Robert Schechter & Associates, Inc.	Standard	July 15, 2008	Oakland
Steel Tool & Engineering Co.	High Tech	July 15, 2008	Wayne
Technology Associates, Inc. DBA Ranal, Inc.	High Tech	July 15, 2008	Oakland
Aisin Technical Center of America, Inc.	High Tech	August 19, 2008	Wayne
Ameriwood Industries, Inc.	Rural	August 19, 2008	Cass
Business Intelligence Associates, Inc.	Standard	August 19, 2008	Kalamazoo
Danotek Motion Technologies	High Tech	August 19, 2008	Wayne
GDI Infotech, Inc.	High Tech	August 19, 2008	Washtenaw
Genzink Steel Supply & Welding Co.	Standard	August 19, 2008	Ottawa
Kelly Services, Inc.	Standard	August 19, 2008	Oakland
LeanLogistics, Inc.	Standard	August 19, 2008	Ottawa
Precision Aerospace Corporation	Standard	August 19, 2008	Kent
Request Foods, Inc.	Standard	August 19, 2008	Ottawa
Ricardo, Inc.	High Tech	August 19, 2008	Wayne
Terumo Cardiovascular Systems Corp	High Tech	August 19, 2008	Washtenaw
Testek, Inc.	High Tech	August 19, 2008	Oakland
A2 Media Corp. DBA ICON Creative Technologies Group	High Tech	September 23, 2008	Washtenaw
Barracuda Network, Inc.	High Tech	September 23, 2008	Washtenaw
Bissell, Inc.	Retention	September 23, 2008	Kent
Consolidated Biscuit Company	Standard	September 23, 2008	Lenawee
Faurecia USA Holdings, Inc.	Standard	September 23, 2008	Oakland

This exhibit continued on next page.

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Estimated Direct Jobs to Be Created	Estimated Private Invested	Number of Years MEGA Credit Available	Estimated Total Business Tax Credit Amount to Be Claimed During MEGA Agreement Term
3,300	\$ 330,000,000	15	\$ 86,005,000
159	3,300,000	7	1,145,000
156	7,000,000	10	5,117,000
72	16,600,000	7	851,000
157	9,600,000	12	2,312,000
65	7,000,000	10	1,126,000
105	3,000,000	7	986,000
78	3,000,000	10	1,533,000
325	47,025,000	10	3,597,000
150	18,200,000	10	2,685,000
155	27,650,000	7	2,975,000
424	7,700,000	7	4,599,000
234	11,000,000	10	4,187,000
148	19,600,000	7	2,536,000
60	3,500,000	7	879,703
106	21,000,000	7	986,000
950	4,250,000	10	12,661,000
101	55,000,000	10	1,878,000
275	6,600,000	7	3,211,000
259	13,400,000	10	5,905,000
160	27,000,000	12	2,961,000
135	10,000,000	7	2,587,000
150	2,100,000	7	1,191,000
103	4,600,000	5	847,000
400	10,500,000	12	8,438,000
337	1,800,000	5	3,043,000
50	3,600,000	7	535,000
84	2,500,000	7	1,117,000
82	8,630,000	7	1,585,000
100	3,450,000	7	809,000
251	8,000,000	7	3,218,000
141	7,800,000	10	3,040,000
121	1,900,000	7	1,780,000
104	7,930,000	7	1,409,229
572	7,800,000	7	5,534,556
581	13,900,000	10	14,698,684
190	10,100,000	10	3,048,089
202	26,100,000	10	2,554,000
45	12,300,000	13	2,818,498
65	3,570,000	7	1,008,153
27	5,270,000	10	452,000
63	2,700,000	10	1,555,000
185	2,550,000	7	1,698,000
106	7,750,000	10	2,454,000
500	12,000,000	10	5,417,000
219	23,170,000	7	3,091,000

MICHIGAN ECONOMIC GROWTH AUTHORITY (MEGA) TAX CREDIT PROGRAM
Michigan Strategic Fund

All MEGA Approved Agreements
As of August 18, 2009
(Continued)

Company Name	MEGA Project Type	MEGA Approval Date	Project's County Location
General Motors Corporation - Multi Site	Retention	September 23, 2008	Multiple
Health Care Services Inc.	Standard	September 23, 2008	Multiple
Hino Motors Manufacturing USA, Inc.	High Tech	September 23, 2008	Oakland
Leggett & Platt Incorporated	Standard	September 23, 2008	Multiple
Mando America Corporation	High Tech	September 23, 2008	Oakland
NYX, Inc.	Standard	September 23, 2008	Wayne
Plexus Systems, Inc.	High Tech	September 23, 2008	Oakland
Post It Stables, Inc.	Standard	September 23, 2008	Wayne
Premier Tool & Die Casting Corp.	High Tech	September 23, 2008	Cass
SBC Internet Services, Inc.	Standard	September 23, 2008	Wayne
Sequenom, Inc.	High Tech	September 23, 2008	Kent
Advanced Defense Vehicle Systems Corporation	Standard	October 14, 2008	Oakland
Hagerty Insurance Agency, Inc.	Rural	October 14, 2008	Grand Traverse
JCIM US, LLC	Standard	October 14, 2008	Multiple
Morley Companies, Inc.	High Tech	October 14, 2008	Saginaw
NetEnrich, Inc.	High Tech	October 14, 2008	Washtenaw
Reino Linen Service, Inc.	Standard	October 14, 2008	Wayne
United Solar Ovonix	Standard	October 14, 2008	Calhoun
CareTech Solutions, Inc.	Standard	November 24, 2008	Oakland
Carlton Creek	Rural	November 24, 2008	Oceana
CAU Acquisition Company, LLC	Standard	November 24, 2008	Gratiot
EPC - Columbia, Inc.	Standard	November 24, 2008	St. Clair
ESI North America, Inc.	High Tech	November 24, 2008	Oakland
Howa USA Holdings, Inc.	High Tech	November 24, 2008	Oakland
Pulte Homes	Standard	November 24, 2008	Oakland
Faurecia Interior Systems, Inc.	Standard	December 15, 2008	Macomb
Fisher Coachworks, LLC	High Tech	December 15, 2008	Wayne
FKA Distributing, Inc.	High Tech	December 15, 2008	Oakland
Global Wind Systems, Inc.	High Tech	December 15, 2008	Oakland
Hart & Cooley, Inc.	High Tech	December 15, 2008	Kent
Hemlock Semiconductor Corporation	High Tech	December 15, 2008	Saginaw
Kongsberg Automotive	High Tech	December 15, 2008	Oakland
Northern United Brewing, LLC	Standard	December 15, 2008	Multiple
Novixus, LLC	High Tech	December 15, 2008	Oakland
VWG, LLC	Standard	December 15, 2008	Eaton
ZF Group North American Operations, Inc.	Standard	December 15, 2008	St. Clair
Atwell-Hicks, LLC	High Tech	February 3, 2009	Washtenaw
Great Lakes Towers, LLC	Standard	February 3, 2009	Monroe
Greenblendz, Inc.	High Tech	February 3, 2009	Oakland
Maverick Industries, LLC	High Tech	February 3, 2009	Jackson
Metal and Welding Industries, Inc.	Standard	February 3, 2009	Wayne
Motown Motion Pictures, LLC	High Tech	February 3, 2009	Oakland
MT Acquisitions, LLC	Standard	February 3, 2009	Macomb
Stardock Systems, Inc.	High Tech	February 3, 2009	Wayne
Tribal Manufacturing, Inc.	Standard	February 3, 2009	Calhoun
Wonderstruck Studios, LLC	Standard	February 3, 2009	Wayne

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Estimated Direct Jobs to Be Created	Estimated Private Invested	Number of Years MEGA Credit Available	Estimated Total Business Tax Credit Amount to Be Claimed During MEGA Agreement Term
3,723	\$ 838,000,000	15	\$ 157,798,000
650	2,500,000	7	6,337,000
34	3,000,000	7	503,000
233	3,100,000	10	2,488,000
101	17,500,000	7	2,188,000
168	21,700,000	6	1,908,000
298	3,900,000	10	9,787,000
71	72,000,000	10	1,169,000
62	5,375,000	7	553,000
300	1,700,000	5	1,164,000
523	20,250,000	12	24,999,000
223	5,455,000	10	6,747,000
226	7,700,000	7	2,637,000
325	4,000,000	10	3,579,000
350	1,700,000	5	3,115,000
225	2,700,000	10	4,801,000
315	11,570,000	5	678,000
700	440,000,000	20	24,439,000
440	28,000,000	10	9,862,000
70	10,300,000	7	1,880,000
186	1,600,000	7	1,274,000
250	8,000,000	7	1,584,000
110	4,430,000	10	3,527,000
25	712,000	7	527,000
350	10,000,000	12	10,114,000
82	8,875,000	7	827,000
539	7,000,000	10	13,977,000
62	11,000,000	7	1,336,000
356	32,300,000	9	8,777,000
48	3,900,000	10	1,670,000
190	1,200,000,000	20	12,211,000
58	4,400,000	7	1,012,000
158	5,800,000	7	1,107,000
192	3,400,000	7	3,697,000
122	3,500,000	7	1,185,000
475	143,400,000	10	6,988,000
131	5,000,000	7	1,441,745
152	20,750,000	10	3,701,883
47	795,000	7	314,741
90	11,000,000	7	1,221,450
501	36,000,000	10	9,725,320
3,600	70,723,000	12	101,097,474
72	6,200,000	10	2,084,061
53	900,000	10	1,223,786
193	4,600,000	7	1,431,498
413	85,900,000	12	16,969,963

MICHIGAN ECONOMIC GROWTH AUTHORITY (MEGA) TAX CREDIT PROGRAM
Michigan Strategic Fund

All MEGA Approved Agreements
As of August 18, 2009
(Continued)

Company Name	MEGA Project Type	MEGA Approval Date	Project's County Location
Altus Brands, LLC	Rural	February 17, 2009	Grand Traverse
General Motors Corporation	Retention	February 17, 2009	Wayne
Global Tooling Systems	Standard	February 17, 2009	Macomb
GM Subsystems Manufacturing	Standard	February 17, 2009	Wayne
K & S Wire Products, LLC	Standard	February 17, 2009	Lenawee
McLaren Performance Technologies	High Tech	February 17, 2009	Wayne
Michigan Brewing Company	Standard	February 17, 2009	Livingston
Patrick Energy Services, PC	High Tech	February 17, 2009	Oakland
RIIS, LLC	High Tech	February 17, 2009	Oakland
Automated Payment Highway, Inc. DBA Billhighway.com	High Tech	March 17, 2009	Oakland
Emergency Technology, Inc.	High Tech	March 17, 2009	Ottawa
Emergent Biodefense Operations Lansing, Inc.	High Tech	March 17, 2009	Ingham
Global Futures & Forex, Ltd.	Retention and High Tech	March 17, 2009	Kent
Magna Electronics	High Tech	March 17, 2009	Oakland
Meijer Distribution, Inc.	Standard	March 17, 2009	Monroe
Mercedes-Benz Hybrid, LLC	Standard	March 17, 2009	Washtenaw
Quantum Learning Technologies, Inc.	High Tech	March 17, 2009	Washtenaw
Secure-24, Inc.	High Tech	March 17, 2009	Oakland
A123 Systems	High Tech	April 14, 2009	Wayne
Compact Power Inc.	High Tech	April 14, 2009	To Be Determined
Continental Dairy Products, Inc.	Standard	April 14, 2009	Ottawa
Jbautotech, LLC	High Tech	April 14, 2009	Wayne
Johnson Controls - Saft Advance Power Solutions, LLC	High Tech	April 14, 2009	Allegan
KD ABG MI, LLC	Standard	April 14, 2009	To Be Determined
Lenawee Stamping Corporation	Standard	April 14, 2009	Lenawee
PolyCem, LLC	High Tech	April 14, 2009	Muskegon
Transonic Combustion Inc.	High Tech	April 14, 2009	Oakland
Unity Studios, Inc.	High Tech	April 14, 2009	Wayne
Urban Science Applications, Inc.	High Tech	April 14, 2009	Wayne
Ford Motor Company	Standard	May 5, 2009	Wayne
Asset Acceptance, LLC	Standard	May 19, 2009	Macomb
Autovan, LLC	Standard	May 19, 2009	Calhoun
CAS-MI Laboratories, LLC	High Tech	May 19, 2009	Washtenaw
DornerWorks, Ltd.	High Tech	May 19, 2009	Kent
Energy Components Group, LLC	High Tech	May 19, 2009	St. Clair
Essen Instruments, Inc.	High Tech	May 19, 2009	Washtenaw
GRW Technologies, Inc.	Standard	May 19, 2009	Kent
Kilwins Quality Confections, Inc.	Rural	May 19, 2009	Emmet
Mann + Hummel USA, Inc.	Standard	May 19, 2009	Kalamazoo
Martinrea Industries, Inc.	Retention and Standard	May 19, 2009	Hillsdale
Pump Engineering, LLC	High Tech	May 19, 2009	Wayne
Velesco Pharmaceutical Service, LLC	High Tech	May 19, 2009	Multiple
W.J.G. Enterprises Molding Company	Standard	May 19, 2009	Eaton
Windtronics, LLC	Standard	May 19, 2009	Muskegon
Alma Products	Rural	June 16, 2009	Gratiot
Axiobionics, LLC	High Tech	June 16, 2009	Washtenaw

This exhibit continued on next page.

UNAUDITED
Exhibit 7

Estimated Direct Jobs to Be Created	Estimated Private Invested	Number of Years MEGA Credit Available	Estimated Total Business Tax Credit Amount to Be Claimed During MEGA Agreement Term
25	\$ 710,000	5	\$ 68,619
140	43,200,000	20	6,878,422
184	17,200,000	7	2,215,635
140	43,200,000	20	6,878,422
157	1,200,000	7	917,028
34	8,900,000	10	1,179,980
161	7,000,000	7	722,957
90	2,230,000	7	1,576,885
40	946,000	7	1,151,181
43	5,700,000	10	1,169,448
100	6,100,000	7	1,414,155
93	10,900,000	10	3,089,564
105	13,168,600	7	3,597,281
90	20,000,000	7	3,432,570
190	27,000,000	8	1,694,792
223	9,900,000	10	7,501,047
47	930,000	7	778,978
263	3,700,000	10	7,114,652
844	55,700,000	15	25,286,395
443	244,000,000	15	25,259,019
70	103,200,000	10	1,526,259
29	970,000	7	418,570
1,096	220,000,000	15	48,542,153
885	664,600,000	15	44,671,084
81	6,625,000	7	873,012
116	5,600,000	7	791,333
25	247,000	6	648,313
83	146,000,000	12	2,823,609
69	29,200,000	10	2,013,241
4,700	400,000,000	10	123,773,031
432	8,100,000	7	2,782,874
140	2,886,000	7	600,399
60	3,600,000	10	1,270,970
50	1,500,000	7	600,398
250	21,100,000	7	2,019,480
43	3,100,000	7	490,940
66	2,000,000	7	606,963
40	7,500,000	7	557,643
200	19,850,000	7	2,425,871
109	18,400,000	7	1,081,052
51	4,250,000	7	686,936
35	1,800,000	7	431,536
109	4,000,000	7	993,024
219	4,400,000	10	3,796,526
76	1,900,000	7	937,196
108	2,900,000	7	1,415,143

MICHIGAN ECONOMIC GROWTH AUTHORITY (MEGA) TAX CREDIT PROGRAM
Michigan Strategic Fund

All MEGA Approved Agreements
As of August 18, 2009
(Continued)

Company Name	MEGA Project Type	MEGA Approval Date	Project's County Location
CertainTeed Ceilings Corp.	Retention	June 16, 2009	Baraga
Dexter Research Center, Inc.	High Tech	June 16, 2009	Washtenaw
Energetx Composites, LLC	High Tech	June 16, 2009	Ottawa
Farmers Group, Inc.	Standard	June 16, 2009	Kent
Holland Awning Company	Standard	June 16, 2009	Ottawa
Johnson Technology, Inc.	Standard	June 16, 2009	Muskegon
Ralco Industries, Inc.	Retention and Standard	June 16, 2009	Oakland
Roskam Baking Company	Standard	June 16, 2009	Kent
RS Technologies Acquisition Corp.	High Tech	June 16, 2009	Oakland
Webasto Roof Systems, Inc.	Retention and Standard	June 16, 2009	Oakland
Atwood Corporation	High Tech	July 21, 2009	Kent
AVL Powertrain Engineering, Inc.	High Tech	July 21, 2009	Washtenaw
Continental Automotive Systems Continental Holding U.S. Inc.	Standard	July 21, 2009	Multiple
Continental Automotive Systems Continental Holding U.S. Inc.	Retention	July 21, 2009	Multiple
Magna seating of America, Inc.	Standard	July 21, 2009	Wayne
Molded Material, Inc.	High Tech	July 21, 2009	Washtenaw
Quicken Loans	Standard	July 21, 2009	Wayne
Quicken Loans	Retention	July 21, 2009	Wayne
Ventra Ionia Main, LLC	Retention	July 21, 2009	Multiple
Bradford White Corporation	Rural	August 18, 2009	Barry
Draths Corporation	High Tech	August 18, 2009	Ingham
Haworth, Inc.	Standard	August 18, 2009	Multiple
Mossberg Precision Diagnostics, LLC	High Tech	August 18, 2009	Kalamazoo
Wolverine World Wide	Rural	August 18, 2009	Mecosta

Total for All MEGA Agreements

530 Agreements Approved

Source: All MEGA Projects Worksheet, Michigan Strategic Fund.

UNAUDITED
Exhibit 7

Estimated Direct Jobs to Be Created	Estimated Private Invested	Number of Years MEGA Credit Available	Estimated Total Business Tax Credit Amount to Be Claimed During MEGA Agreement Term
109	\$ 7,600,000	12	\$ 3,132,120
47	2,970,000	7	313,428
1,068	37,000,000	15	27,522,123
1,600	84,400,000	18	62,593,927
270	3,700,000	7	2,122,892
74	15,000,000	12	2,096,782
108	6,450,000	7	2,637,087
1,500	60,500,000	10	20,172,545
40	1,700,000	7	428,518
61	3,600,000	7	1,700,651
51	3,800,000	7	483,026
40	2,600,000	5	298,559
230	26,900,000	10	10,339,257
225		10	10,354,987
420	18,000,000	7	4,562,653
29	2,900,000	7	420,388
1,800	240,000,000	12	18,119,888
2,200		12	29,149,476
934	42,000,000	6	4,675,342
88	3,480,000	7	1,020,623
200	41,250,000	7	2,505,096
346	15,650,000	10	5,297,673
35	1,500,000	10	817,579
288	6,270,000	13	22,437,419
194,350	\$ 25,699,612,300	5,748	\$ 3,985,473,536

GLOSSARY

Glossary of Acronyms and Terms

BAC	business activity credit.
combination MEGA agreements	Agreements for businesses' MEGA agreements that contain a provision for both a retention MEGA tax credit and a standard, rural, or high-tech MEGA tax credit.
DBA	doing business as.
effectiveness	Success in achieving mission and goals.
high-tech MEGA agreements	Agreements for companies whose primary business activity is high-technology activity or a qualified high-wage activity. High-technology activity is defined as advanced computing, advanced materials (materials with engineered properties created through the development of specialized process and synthesis technology), biotechnology, electronic device technology, engineering or laboratory testing related to development of a product, technology that assists in the assessment or prevention of threats or damage to human health or the environment, medical device technology, product research and development, advanced vehicles technology, tool and die manufacturing, competitive edge technology, digital media, music production, and film and video. High-wage activity is defined as a business that has an average wage of 300% or more of the federal minimum wage. Sections 207.803(l), 207.803(n), and 207.803(o) of the <i>Michigan Compiled Laws</i> fully define high-technology and qualified high-wage activity.
internal control	The plan, policies, methods, and procedures adopted by management to meet its mission, goals, and objectives. Internal control includes the processes for planning, organizing, directing, and controlling program operations. It includes the systems for measuring, reporting, and monitoring program performance. Internal control serves as

a defense in safeguarding assets and in preventing and detecting errors; fraud; violations of laws, regulations, and provisions of contracts and grant agreements; or abuse.

material condition	A reportable condition that could impair the ability of management to operate a program in an effective and efficient manner and/or could adversely affect the judgment of an interested person concerning the effectiveness and efficiency of the program.
MEDC	Michigan Economic Development Corporation.
MEGA	Michigan Economic Growth Authority.
MSF	Michigan Strategic Fund.
nonrefundable tax credit	A tax credit that is limited to the amount of the taxpayer's total tax liability.
performance audit	An economy and efficiency audit or a program audit that is designed to provide an independent assessment of the performance of a governmental entity, program, activity, or function to improve program operations, to facilitate decision making by parties responsible for overseeing or initiating corrective action, and to improve public accountability.
PIT	personal income tax.
QNJ	qualified new job.
refundable tax credit	A tax credit that is received regardless of the amount of the taxpayer's tax liability.
reportable condition	A matter that, in the auditor's judgment, falls within any of the following categories: an opportunity for improvement within the context of the audit objectives; a deficiency in internal

control that is significant within the context of the objectives of the audit; all instances of fraud; illegal acts unless they are inconsequential within the context of the audit objectives; significant violations of provisions of contracts or grant agreements; and significant abuse that has occurred or is likely to have occurred.

retention MEGA
agreements

Agreements for existing businesses located within the State that agree to certain conditions regarding capital investment and the minimum number of jobs to be retained. Section 207.808(5) of the *Michigan Compiled Laws* identifies an eligible business for a retained MEGA agreement. These agreements were allowed under the original MEGA law but with requirements limiting the number of companies able to qualify for an agreement. The law was amended in 2000 to increase the number of companies that could qualify for a MEGA retention agreement.

rural MEGA
agreements

Agreements for eligible businesses located in a county with a population of 90,000 or less as defined by Section 207.803(s) of the *Michigan Compiled Laws*.

standard MEGA
agreements

Agreements for eligible businesses that propose to create qualified new jobs in the State in manufacturing, mining, research and development, wholesale and trade, film and digital media production, office operations, tourism attraction facility, or qualified lodging facility. An eligible business does not include retail establishments or professional sports stadiums as defined by Section 207.803(g) of the *Michigan Compiled Laws*.

UIA 1020

Michigan Unemployment Insurance Agency Employer's Quarterly Tax Report (which businesses use to report the number of employees and wages paid).

