IV.

ECONOMIC DEVELOPMENT

Local governments should be concerned about quality economic development for the sake of their citizens' well-being. Municipalities ought to only subsidize and incentivize the creation of full-time jobs that pay livable wages and provide healthcare benefits.

> “THE BASIC GOAL OF LABOR WILL NOT CHANGE. IT IS... BETTER STANDARDS OF LIFE FOR ALL WHO WORK FOR WAGES.”

George Meany, President of the AFL-CIO, 1955 - 1979

OVERVIEW

COMPREHENSIVE ECONOMIC DEVELOPMENT DISCLOSURE [P. 94]

Local governments should only consider providing corporate tax breaks on the condition that businesses who benefit create quality jobs within the community. The details of these deals, including job-growth estimates and the sizes of tax incentives, should be public knowledge.

JOB CREATION QUALITY STANDARDS [P. 96]

Since living costs differ across communities, each municipality should have its own job creation quality standards for organizations that receive tax breaks. Businesses that provide little economic value to the community should not qualify for tax handouts.

CLAWBACKS [P. 100]

Economic development disclosures and job creation quality standards are essential for making fair deals between businesses and local governments. But those deals can be difficult to enforce once they are made. Clawbacks ensure that companies have to return tax-payer dollars used to incentivize the business if they fail to comply with the standards and terms agreed upon in the contract.

INCLUSIVE HOUSING [P. 102]

Many workers do not earn enough to live where they work. And property values in many cities are increasing while wages remain stagnant, leaving more and more people unable to afford homes. This can be combated with inclusive zoning ordinances in expensive communities. Affordable housing should be available to whoever is eligible according to their city’s guidelines.

PRO-WORKER CANNABIS RETAIL [P. 106]

As more municipalities legalize recreational cannabis shops, they should ensure that the scoring criteria they use for who gets licenses includes worker wage standards.

ECONOMIC DEVELOPMENT DISCLOSURE ORDINANCE

BY: CONNOR CAIN

To attract or retain business developments, local governments often offer tax breaks and other incentives to businesses. In fact, the frequency of state and local tax incentives for businesses has tripled since 1990.[120] Tax incentives are one of the principal economic tools for states and localities, with some studies estimating that cities, counties, and states spend roughly $80 billion a year on them.[121] Local officials often justify these agreements, sometimes worth millions of dollars in lost tax revenue, on the grounds that the development wouldn't occur. However, these agreements aren't always as good for the community and at times amount to nothing more than corporate welfare. The benefits to a firm are often front-loaded, and there are typically few mechanisms for holding businesses accountable after they receive them. To combat this problem, local governments should adopt comprehensive economic development disclosure policies. These policies require businesses to report various data relevant to the subsidy they received, such as total investment, jobs created, and/or wages paid to workers. Beyond increasing overall government transparency, comprehensive disclosure policies allow lawmakers to evaluate the success of their policies, ensure taxpayers know how their money is being spent, and hold businesses accountable.

TAX INCENTIVES

As these tax incentive deals become increasingly common, taxpayers deserve to know whether their money is being put to good use. Despite their pervasiveness, evidence for the efficacy of tax incentive deals is shaky at best. For one, it's not clear that development incentives affect business decisions all that much. It's estimated that, on average for all states, state and local taxes only make up about 1.8% of total business costs.[122] Available infrastructure and workforce education levels play an arguably larger role. The competition between cities for the location of Amazon's HQ2 is an excellent example. A total of 238 cities placed bids, but in the end the final contender was Washington, DC which only offered $2 billion in incentives compared to $9.7 billion from Pittsburgh or $22.7 billion from the Dallas-Fort Worth area.[123] If the effects of these deals are marginal at best, public scrutiny through disclosure laws can help ensure that a city's resources aren't being wasted.

Further, economic development deals impose a real and significant cost on local governments, leaving fewer resources to fund important social services. Reduced property taxes are a common component of these deals, which poses a problem for property tax-financed K-12 school districts. A 2018 study conducted by the organization Good Jobs First studied the effects of incentive deals on school districts. In the 348 Michigan school districts surveyed, over $106 million was lost due to tax abatements. These funds could have been used to hire over 1,700 new teachers. As stated earlier, workforce education levels influence business location decisions, so that development deals may undermine future development opportunities. Because companies aren't required to disclose information about these deals, it's hard to know whether the benefits are truly worth the high cost.

The point is not to discourage local governments from engaging in tax incentive deals with corporations but rather to encourage elected officials to enter into them with complete transparency. Cost-benefit analyses concerning the deals are often impossible to conduct because the data they require is simply unavailable. Fortunately, with comprehensive economic development disclosure laws in place, elected officials and taxpayers alike can scrutinize the costs and benefits of subsidies and decide democratically whether they are a good use of resources.

DEVELOPER TRANSPARENCY

Good economic development disclosure laws have a few common characteristics. First, any company that receives an economic development deal must be required to provide a report at least annually. The report should include data about the total amount of the subsidy, the number of jobs created compared with the jobs promised, and the wages and benefits paid to employees. Additionally, it should include more in-depth information such as the number of full-time jobs created, whether health coverage is provided, and whether the company receiving the subsidy reduced employment at any other site. Finally, the data should be published online for full community transparency.

Comprehensive disclosure laws help ensure that incentive deals actually bring development rather than just positive news cycles for politicians and businesses. They can arm officials and taxpayers with the information needed to implement sound development strategies if implemented correctly.

CONCLUSION

It is clear that comprehensive disclosure laws are fundamentally good for workers. This is because those who work on the front lines to deliver economic development are the people who are supposed to benefit from the higher wages and better benefits promised in incentive deals. When businesses are allowed to essentially take the money and run, these deals amount to nothing more than corporate welfare. While not a panacea, with comprehensive disclosure laws in place workers are better equipped to hold their officials accountable, and businesses will feel more pressure to deliver.

JOB CREATION QUALITY STANDARDS

BY: BENJAMIN ELBAUM

When cities, townships, villages, and counties agree to give tax breaks, the jobs these companies create should meet a certain standard of quality, including healthcare benefits, living wages, and more. These standards must be enforced to make sure that every job created is a good one.

Before COVID-19, 43% of households in Michigan could not afford housing, childcare, taxes, and a cell phone despite a decline in unemployment. Low-quality jobs are still far too prevalent in Michigan, with 58% of them paying less than $20 per hour.[124] Even with high employment, quality jobs with living wages and guaranteed benefits are scarce. Policymakers should ensure that jobs created through tax breaks and subsidy programs are indeed quality jobs that offer satisfactory benefits.

All too often, subsidized companies offer part-time, low-paying jobs with poor benefits. A study done in Kentucky found that the state had granted tax breaks to more than 31 companies that paid average wages below the federal poverty line for a family of four.

Furthermore, a 2018 bill, also in Kentucky, grants $60 million to banks and insurance companies that invest in businesses in the state's rural areas. However, the bill does not require the creation of jobs, let alone benefits or fair wages.[126]

WAGE STANDARDS

Wage standards are the most common type of job-creation quality standard. Market-based wage standards are commonly found in state-level incentive programs, whereas cities and counties commonly use poverty measures, such as the federal poverty line or minimum wage.[127]

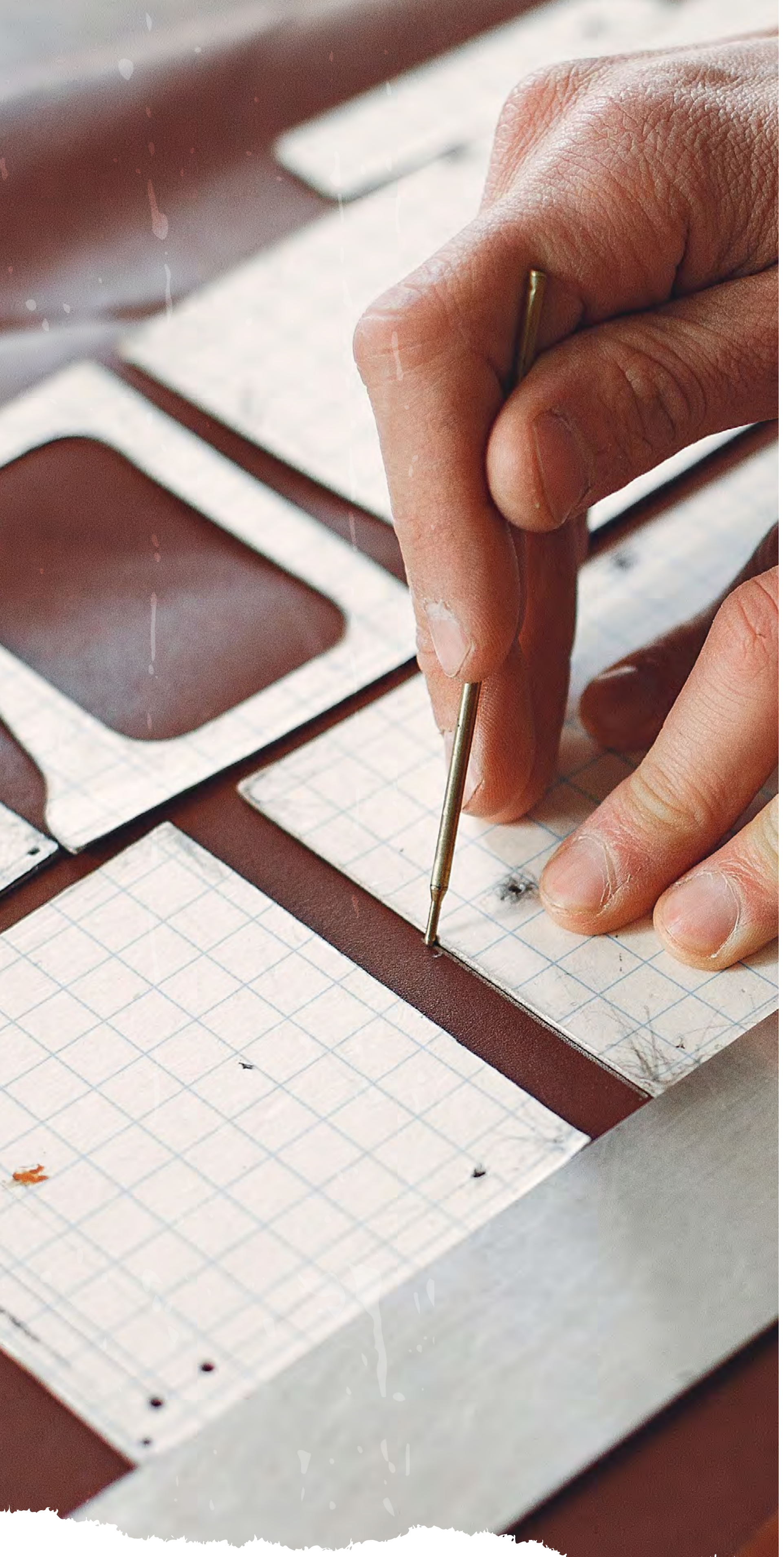
Several cities in Michigan have implemented poverty measure wage standards, including Detroit. An ordinance in the city defines living wages as 100% of the federal poverty level income guideline for a family of four if health benefits are provided and 125% of the federal poverty level income guideline if health benefits are not provided. These pay rates, subject to change based on federal guidelines, came out to $11.03 and $13.78 per hour in 2009.

These requirements must be met by city service contractors or any other recipients of city financial assistance greater than $50,000.

LOW QUALITY JOBS ARE STILL FAR TOO PREVALENT IN MICHIGAN, WITH 58% OF THEM PAYING LESS THAN $20 PER HOUR.

HEALTHCARE STANDARDS

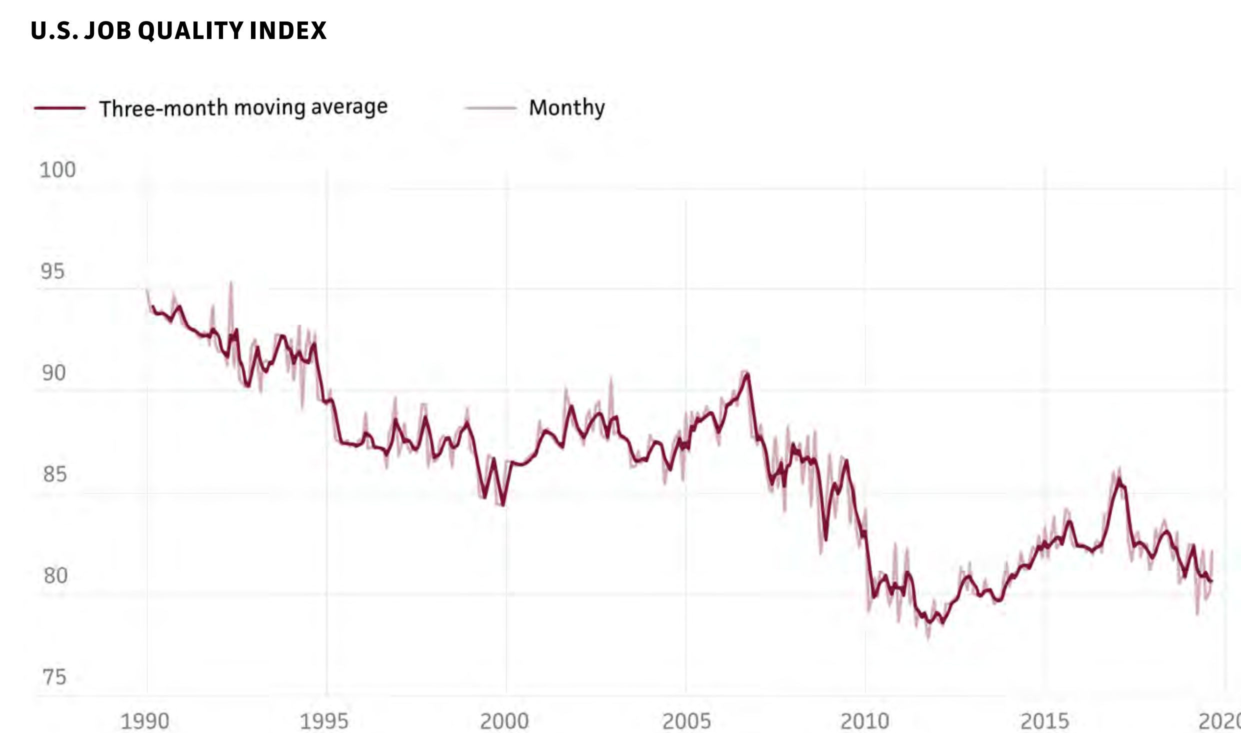
Another one of the most critical standards that labor quality legislation must protect is the guarantee of employer-provided health benefits. Workers paid minimum livable



wages should not have to shoulder the burden of healthcare alone.
In Michigan, several cities have encouraged health benefit legislation parallel to wage standards by allowing health benefits to count toward wage requirements.[129] In Ann Arbor, the wage floor for companies receiving city financial assistance is set at $1.61 lower (to $14.05 down from $15.66) if the company also offers health benefits (as of 2021; the living wage is set to be adjusted each year on April 30).[130]

JOB QUALITY STANDARDS

In addition to wage and health benefit standards, some cities and local governments add other standards to ensure subsidies create quality jobs. Another common standard is the requirement that new jobs are permanent, full-time positions. Some states and cities, such as Wisconsin, also include the requirement of paid sick leave to be eligible for certain tax credits.[131] Other programs, such as the Tax Increment Financing program in Lewiston, Maine, require employers to fund employee retirement plans to receive certain financial assistance from the municipal government.[132] These additional standards are more commonly offered at the local level rather than the state level. Municipal legislation enforcing these standards would further increase the quality of good jobs in communities.



NOTE: The U.S. Private Sector Job Quality Index(JQI) aims to track the quality of jobs, instead of quantity. The JQI measures the ratio of what researchers have deemed "high-quality" jobs versus "low-quality" jobs, based on whether employers offer more or less than the average income. A reading of 100 means that there are equal numbers of the two groups, while anything less implies relatively low-quality jobs. (https://qz.com/1752676/the-job-quality-index-is-the-economic-indicator-weve-been-missing/)

CONCLUSION

Strong job creation quality standards are necessary to ensure subsidy programs create good jobs. Companies receiving subsidies must be held accountable for the wages and benefits they provide. In Michigan, cities such as Ann Arbor and Ypsilanti protect the wages and health benefits of subsidized employees through standards for wages with and without included health benefits. This, however, should be expanded to include other standards such as contributions to retirement plans and paid sick leave.

Local governments must ensure that tax breaks and other business incentives go only to companies that create quality jobs offering livable wages and good benefits. It is the responsibility of both state and local governments to implement and enforce these standards with legislation that protects the wages and benefits of workers, because no government should subsidize unethical business practices which perpetuate underemployment and poverty wages.

CLAWBACKS

BY: CONNOR CAIN

Economic growth in metropolitan areas outpaces that of non-metropolitan areas. Looking to revitalize their struggling economies, many municipal policymakers are increasingly turning to economic development incentive deals, which offer a mix of grants, loans, tax abatements, and public investment in exchange for new business developments. These deals, however, are frequently criticized for being secretive, wasteful, and little more than corporate welfare. While ordinances requiring the comprehensive disclosure of incentive deals are solid tools for increasing government transparency, they leave local governments with no recourse in the event that a business fails to live up to its promises. As a result, local and state governments should add clawback provisions in any incentive deal they choose to enter. Clawback provisions are money-back guarantees if businesses that receive tax breaks are unscrupulous or break promises.

CLAWBACKS EXPLAINED

When firms are offered economic development incentive deals, they typically promise to deliver benefits to the community, such as new jobs, higher wages, and better healthcare benefits. Despite these promises, the issue is that the benefits to a business are usually received up-front with few ways to determine whether the promises were fulfilled. Municipal governments and taxpayers can effectively solve this problem by adding clawback provisions to economic development agreements. Clawback provisions are simply a contract clause stipulating that a business must repay part or all of the benefits it received if certain predetermined metrics aren't achieved. These typically include the number of jobs created, average wage levels, amount of capital invested, and a specified length of time the business must remain in the community.[133] Additionally, strong clawback provisions are often prorated, meaning a company is liable to repay subsidies based on the extent to which the metrics were missed, with harsher penalties applying to more severe underachievement.

Clawback provisions help ensure a community's resources aren't being squandered. But, all too often, local governments don't realize how important clawbacks are until it's too late. In 1993, the city of Ypsilanti attempted to recover $13.5 million in tax abatements from General Motors after the company announced its intention to close down its factory there and consolidate production in Texas.[134] Although a trial court initially ruled in the city's favor, an appellate court ruled that public statements GM made about investment and employment were only expressions of hope that production would continue.[135] Had there been a clawback provision in place, the community wouldn't have lost those valuable resources.

CLAWBACK PROVISIONS HELP ENSURE A COMMUNITY'S RESOURCES AREN'T BEING SQUANDERED.

Despite the appeal of this taxpayer money-back guarantee, some policymakers fear that clawbacks will give off the impression of a hostile business climate. However, this doesn't need to be the case. For one, clawbacks are added during contractual negotiations, and respect for contracts is a fundamental aspect of a healthy business climate. Businesses and local governments can avoid unnecessary misunderstandings down the road by clearly laying out expectations and penalties for not meeting them. Further, with clawbacks in place, taxpayers may be more apt to approve even more significant subsidies as they have a guarantee of repayment.

ENSURING EQUITABLE DEVELOPMENT

In an ideal world, clawback mechanisms in economic development incentive agreements would never activate. The issue, however, is that this isn't an ideal world, and no municipality wants to find itself needing clawbacks when they aren't in place. By adopting clawback provisions in all development deals, communities are equipped with the legal tools necessary to hold businesses to their promises. Because of this, clawbacks should be an integral component of any worker-friendly economic development plan. On the one hand, when clawbacks are in place, businesses have a real economic incentive to do what they promised. If a business can't deliver, it will be held fiscally liable. On the other hand, clawbacks ensure that workers and their families aren't punished because of the actions of businesses. The underperforming business, not the taxpayer, should foot the bill when promises aren't kept.

INCLUSIVE HOUSING ORDINANCE

BY: KEITH JOHNSTONE

"Labor has to make progress with the community, and not at the expense of the community... We are not fighting for more dollars... but we are fighting for more purchasing power. We get a wage on one hand, and it is taken away by a higher price increase on the other, we have made no progress. We have merely accelerated the speed of the economic merry-go-round. Our basic fight is for basic purchasing power; dollars that will buy things."

– Walter Reuther debates Senator Robert A. Taft, CBS Broadcast, April 11, 1948

Doing what's right for workers means improving conditions for the entire working class and giving workers the tools (on and off the job) to make a better life for themselves and their families. Inclusive zoning ordinances are one of those tools. But all too often, the teachers, firefighters, and construction workers who work in our communities cannot afford to live there. **With affordable housing ordinances, we can protect the things our families need and build a better Michigan: at work, at home, and beyond.** Wealth gaps in many metropolitan areas across this country manifest through the housing market. Since cities have a finite amount of space, some private real estate owners and developers price gouge to increase their profits.[136] This forces working people out of their housing as wealthier people flood into a city. Today, many cities are attempting to curb this trend.[137] One of the most effective and least controversial of these tools is inclusionary zoning. Inclusionary zoning is a public-private partnership where, in exchange for a government's land use permits and sometimes subsidies, private developers will reserve a portion of their new developments for low- and middle-income families.

BACKGROUND

After explicitly racist housing laws were made illegal, cities adopted exclusionary zoning laws to exclude racial and ethnic minorities from cities. Examples include building height requirements, bans on multifamily units, and minimum lot requirements. These measures effectively raised construction prices and decreased affordability. They continued unabated until the late 1960s. The Civil Rights Movement's efforts resulted in many new policies to ameliorate the harms made by explicitly and implicitly racist housing policies. The most popular policy solution was inclusionary zoning because it was viewed as still being business-friendly.[138]

THE AFFORDABLE HOUSING CRISIS

For at least the last five decades, housing has become increasingly unaffordable. Pre-pandemic, over 18 million American families were spending more than half of their income on it.[139] These days, it is virtually impossible for a low-wage worker to afford a decent place with multiple bedrooms.[140] This is especially troubling as the average minimum-wage worker is 35 years old — many of whom have children.[141]

The housing crisis is a national problem, and it thus requires federal solutions. As we work toward this, however, there are things localities can do to help promote affordability in the housing market.

MICHIGAN LAW PROHIBITS REQUIRED INCLUSIVE ZONING ... THOUGH APPROXIMATELY 80% OF ALL INCLUSIVE ZONING ORDINANCES IN THE UNITED STATES ARE MANDATORY.

HOW INCLUSIVE ZONING WORKS

Inclusive zoning, more so than a specific policy, is a category of policies. The basic tenet is that they require or incentivize developers to designate a percentage of units in a given project as below-market-rate (BMR).[142] Michigan law prohibits required inclusive zoning, per a ruling by the Michigan Supreme Court,[143] though approximately 80% of all inclusive zoning ordinances in the United States are mandatory.

Voluntary inclusive zoning has many economic benefits for both the government and developers. Inclusive zoning laws achieve a social good and protecting the interests of low- and middle-class people at a low cost.[144] Meanwhile, developers will receive an incentive tied to building these units. These incentives are usually either density bonuses, which increase their allotment of space in the city, or direct subsidies for the projects. These benefits increase proportionally to the amount of affordable housing they build. **Developers still often profit off affordable housing in growing cities because building and upkeep costs are relatively low.**

POTENTIAL PROBLEMS WITH INCLUSIVE ZONING

Affordability is measured by a unit being priced as BMR (below market rate), which is defined by the area median income (AMI). Medium-income units are defined as between 80% and 120% of AMI, and low-income units are below 50% of AMI. Therefore, these policies are intended to provide housing assistance to those who do not qualify for Section 8 assistance, which only applies to those below 30% of AMI.

The AMI is a concept developed by the Department of Housing and Urban Development to determine fair rent prices. However, the non-locals who calculate the AMI sometimes overestimate. Detroit's city median income (CMI), for instance, is $27,838, while the AMI for the Detroit metropolitan area is $56,399.[145]

Therefore, in many poorer cities, residents are forced to pay out of their price range for ostensibly affordable housing. Inclusive zoning is meant to curb some of the economic and racial barriers caused by the wealth gap and exclusionary zoning. Since most affordable units are built in the same buildings as other units, the policy results in prosocial race and class integration. However, some developers are against this because they want to isolate wealthy families from the poorer ones. These developers will typically implement "poor doors," which are essentially separate doors for the affordable units that separate them from the other units. Further, some developers will build affordable units off-site if permitted by the local ordinance.

INCLUSIVE ZONING IN MICHIGAN LOCAL GOVERNMENTS

There are two major cities with inclusionary zoning ordinances: Detroit[146] and Ann Arbor.[147] During the 2020 elections, Ann Arbor voters resoundingly approved new taxes for affordable housing. The ballot measure, known as "Prop C," is expected to raise $160 million over the next two decades. This sum will be used to create 1,000-2,000 affordable units in a city suffering from an acute housing crisis.[148] In Detroit, fears of gentrification and price hikes pushing residents from their homes have dominated the discourse for a long time. Every development in the city receiving over $500,000 in federal or city subsidies would have to include at least 20% affordable housing at 80% of AMI.

This policy was supposed to keep prices affordable, but it failed to account for the discrepancies between AMI and CMI. As a result, many "affordable" units still cost more than half their renters' income even though the federal standard is 30%. Therefore, while the policy increased community support for many projects, it still left behind some of those most in need.

Conversely, the Ann Arbor policy created a fund, the AAAHF, devoted to establishing housing for those making less than 60% of CMI and improving conditions for those making less than 30% of CMI.[149] In exchange for these conditions, developers must operate with less stringent building height and parking requirements.[150] The program was only passed in 2019, so it is too early to tell its results. Still, its targeted approach looks to be a more promising model than Detroit. Policymakers should take note.

POLICIES OUTSIDE OF INCLUSIVE ZONING

Municipalities experiencing housing shortages should increase the areas zoned for multifamily units and allow accessory dwelling units to make it easier to increase density.

Additionally, in areas where labor unions make specific requests of city councils, county commissions, and school boards regarding affordable housing solutions, local governments should listen to them and work with them to implement policies that benefit working class and low-income renters. For example, in Ann Arbor, the GEO (Graduate Employees Organization, AFT Michigan 3550, AFL-CIO) has repeatedly advocated to the Ann Arbor City Council for various housing reforms, including the Early Leasing Ordinance.

CONCLUSION

To increase housing affordability in Michigan, local governments can enact inclusive zoning ordinances. These should be targeted, like Ann Arbor's, and focused on CMI rather than AMI. Lastly, ordinances should establish criteria like sufficiently low-income targets and design standards that avoid stigmatizing affordable housing.[151]

Inclusive zoning addresses the supply side of the housing crisis by making it easier to build more housing.

PRO-WORKER CANNABIS RETAIL

BY: ELIAS KHOURY

Michigan overwhelmingly legalized recreational cannabis in 2019 with 55.89% popular support in the election.[152] Cities, townships, and villages across the state have since legalized recreational marijuana retail in their jurisdictions to create new jobs and to partake in revenue sharing.

Marijuana legalization can have myriad benefits to a community if done correctly. Marijuana legalization can provide communities with much-needed tax revenue, revitalize local businesses, provide jobs to formerly incarcerated people, and create good-paying jobs on which people can raise their families. Legal cannabis retailers, especially unionized ones, can be powerful vehicles for economically empowering people with former marijuana convictions.

LEGAL BACKGROUND

In the 2018 midterm elections, Michigan voters approved Proposal 1 by a margin of 55.9% to 44.1%. Michigan became the tenth state, and first in the Midwest, to legalize recreational cannabis. But Proposal 1 did more than just allow Michigan adults to use marijuana. It also contained a provision empowering cities to restrict cannabis retail as they see fit. This includes complete prohibition. However, municipalities will receive the generated tax revenue if they opt for legalization, as will the county.

Cities that permit retail cannabis establishments can expect to make a considerable amount of money in state revenue sharing each year. For every legalized marijuana establishment, the municipality receives the revenue from the excise tax collected at each sale. The tax revenue is distributed based on the number of stores a municipality has. In 2022, Michigan's municipalities received $56,000 per store.[153]

The excise tax distribution is as follows:[154]

- 15% to municipalities in which a marijuana retail store or a marijuana microbusiness is located, allocated in proportion to the number of marijuana retail stores and marijuana microbusinesses within the municipality;
- 15% to counties in which a marijuana retail store or a marijuana microbusiness is located, allocated in proportion to the number of marijuana retail stores and marijuana microbusinesses within the county;
- 35% to the school aid fund to be used for K-12 education; and
- 35% to the Michigan transportation fund to be used for the repair and maintenance of roads and bridges.

CANNABIS WORKERS AND THEIR CHALLENGES

Thanks to widespread legalization efforts, the cannabis industry is burgeoning. Like most other industries, however, it has become increasingly corporatized. Big pharmaceutical companies are investing heavily in the cannabis market and infecting it with their usual slate of shady business practices. These include the systematic underpayment and otherwise mistreatment of workers. There have also been reports of rampant sexual harassment, mistreatment, and wage theft. Cannabis workers deserve to be paid well for the time, effort, and stigma they undertake at their jobs.

CANNABIS AS A SOCIAL JUSTICE ISSUE

Marijuana is one of the drivers of mass incarceration. Countless Americans, primarily people of color, are impacted by cannabis-related arrests and convictions each year.[155] The enforcement of marijuana prohibitions, and the broader War on Drugs, was always a racialized endeavor. All available data confirms this. While Black and white people use marijuana at similar rates, Black people are four times as likely to be arrested for possession.[156] In this crucial respect, legalizing cannabis and

providing restitution to the victims of its prohibition are civil rights issues. Regardless of their identity, no one should face serious legal sanction for a victimless crime. And those who have are owed restitution, in some form or another, for their suffering. Legalizing retail cannabis can provide jobs for formerly incarcerated people with cannabis convictions who may be otherwise discriminated against and stigmatized.

BID EVALUATION CRITERIA

Now that recreational cannabis is legal in Michigan, municipalities can decide whether to allow its sale. This raises another important question: To whom should the municipality grant licenses? Some local officials may be tempted to adopt a permissive approach. They might see granting licenses to whoever wants them as good policy. But this would be a mistake.

Granting licenses unconditionally stacks the deck against workers. The more shops flood the market, the more that shops will compete by driving down worker wages and conditions. Cannabis retailers who treat their employees fairly, and thus have higher relative labor costs, will struggle to compete in the market.

Meanwhile, retailers mistreating their employees will thrive, creating yet another hostile economic environment for workers. Shops that treat their workers well but cannot compete in an oversaturated market will just sell their licenses to other chains with even worse labor standards.

To avoid this fate, municipalities should award licenses based on how well retailers treat their employees. Communities can do this by creating retail license applications and evaluation criteria that award licenses based on several factors, including:

- % of workers who will be local hires
- Number of full-time vs part-time positions
- Whether part-time workers are offered PTO, health insurance
- Employee healthcare
- Employee wages standards
- Social equity plan
- Security standards: guards, cameras, security systems, armed banking, etc.
- Capitol and aesthetic improvements to the property

This way, marijuana companies will compete for licenses based on how much benefit they will bring to the community. These standards will also likely make it easier for elected officials to assure constituents that the shops will be good, upright businesses that provide people with an honest living and improve the local economy.

Reach out to advocates@miaflcio.org for more information and to view the criteria.

Success Story: Recreational Cannabis in Jackson, MI

BY: ELIAS KHOURY

In November of 2018, the Jackson City Council approved an ordinance opening their municipality to the marijuana business.[157] Notably, it limited the number of retail licenses, awarding them on the basis of pro-worker scoring criteria. To qualify for a license, businesses must pay their workers more than double the state minimum wage. They also must provide healthcare with minimal out-of-pocket costs as well as generous deferred compensation for retirement.[158]

Mayor Derek Dobies lauded his city's efforts as "giving workers power" and sparking "a Renaissance" in Jackson. This is especially important given that more than a third of the city's residents live below the federal poverty line. Jackson's marijuana ordinance, Dobies remarked, promotes "stable, sustainable, equitable growth."

Achieving this wasn't easy. Dobies faced gridlock in the Jackson City Council that, for some time, halted policy change.[159] Through rigorous advocacy, however, Dobies was able to overcome legislative obstacles and deliver for his community. This has not only created a fairer environment for workers, but also revamped local infrastructure. Taxes on Jackson County's booming cannabis industry are being used to finance road repairs and other important services.[160]

With the passage of Proposal 1 during the 2018 midterms, cities throughout Michigan have the opportunity to follow Jackson's lead. By adopting sound policies, they too can create a fair cannabis market that protects the interests of workers. In an era of increasing wealth inequality and escalating assaults on workers' rights, the need for this is evident.

TAXES ON JACKSON COUNTY'S BOOMING CANNABIS INDUSTRY ARE BEING USED TO FINANCE ROAD REPAIRS AND OTHER IMPORTANT SERVICES.

ECONOMIC DEVELOPMENT SCORING CRITERIA

Comprehensive Economic Development Disclosure

	Points	Points Available
Information includes the number of jobs required in the subsidy deal and the number of jobs actually created (or lost).	0	1
Information includes the amount of capital investment in the subsidy deal and actual capital investment.	0	1
Information includes the health insurance that employees receive.	0	1
Information includes a percentage breakdown of employees by full-time and part-time.	0	1
Information includes the percentage of employees that are local.	0	1
SCORE	**0** out of 5	5

Job Creation Quality Standards

	Points	Points Available
Requires employers who receive public subsidies to provide health benefits for full-time employees.	0	2
Wages paid to employees meet or exceed wage standards calculated by the MIT living wage calculator.	0	1
The recipient corporation shall create at least one new full-time job in the state for each $35,000 of assistance it receives for a project.	0	2
SCORE	**0** out of 5	5

Note: This category is in place to reward local governments that enforce quality standards outside of wage and health benefit standards. These quality standards may include retirement benefits, paid sick leave, full-time employment, or other miscellaneous quality standards.

Clawbacks

	Points	Points Available
Clawback ordinance permits officials to negotiate with businesses to whom they provide subsidies and tax abatements to, in order to ensure that those companies invest capital, remain in the community, and provide full-time jobs to local workers in the amounts promised.	0	3
Prorates clawbacks, meaning the company must repay subsidies based on the extent to which the metrics were missed.	0	2
SCORE	**0** out of 5	5

BONUS: Inclusive Housing

	Points	Points Available
Demonstrates a willingness to build more affordable housing, including through public private partnerships that reserve 20% of new housing for low to moderate-income individuals. Municipality uses CMI (City Median Income) instead of AMI (Area Median Income) to calculate affordability. Bans affordable housing "poor doors," or separate entrances for those who are living in reduced-priced housing. Bans affordable housing units built offsite from the other units. Bans selecting applicants on a first come, first serve basis. Bans screening affordable housing residents based on credit history and/or criminal background.	0	1
SCORE	**0** out of 1	1

BONUS: Pro-Worker Cannabis Policy

	Points	Points Available
Evaluates cannabis operators based upon whether or not they have labor peace agreements.	0	1
Evaluates cannabis operators based upon whether or not they will pay workers a living wage.	0	1
Evaluates cannabis operators based upon whether or not they have healthcare and 401k options for employees.	0	1
Evaluates cannabis operators based upon whether or not they have a local hire preference.	0	1
SCORE	**0** out of 4	4

FINAL SCORE	**0** out of 15	15
FINAL SCORE WITH BONUS	**0** out of 20	20

Required documentation includes copies of relevant city code and/or copies of press statements, resolutions, or social media posts. For more information about city selection, criteria, or the MSI scoring system, visit advocates.miaflcio.org. All cities rated were provided their scorecard in advance of publication and given the opportunity to submit revisions. For feedback regarding a particular city's scorecard, please email advocates@miaflcio.org.

ENDNOTES

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