



## MEMORANDUM

**DATE:** July 12, 2000

**TO:** Michigan Economic Growth Authority

**FROM:** David Jeup, Vice President  
Global Business Development



**SUBJECT:** Briefing Memo – AGC America, Inc.

### COMPANY NAME AND ADDRESS:

AGC America, Inc.  
44099 Plymouth Oaks Boulevard, Suite 101-A  
Plymouth, Michigan 48170

### HISTORY OF COMPANY:

AGC America, Inc. is a wholly owned subsidiary of Asahi Glass America, Inc. (AGA). Asahi Glass America, Inc. functions as the regional North, South and Central America headquarters of Asahi Glass Co., LTD, of Tokyo, Japan. AGA has investments in approximately 47 subsidiaries and partnerships throughout North America and the United Kingdom. AGC America, Inc. was incorporated in 1997 for research, development, prototyping, evaluation and experimental activities of automotive window related products and technology. The company currently has one employee in Michigan.

### DESCRIPTION OF PROJECT:

AGC America wants to build a new high-technology research and development facility in Ypsilanti Township, Michigan or Richmond, Kentucky. This would be the first high-technology project under PA 144 of 2000, which amended the MEGA Act and provides distinct criteria for high-technology MEGA projects:

The new facility will research new electronic related products for the automotive industry relating to windows. In addition, the facility will research and analyze new material and glazing compounds for the automotive industry as well as integrating new technical information into new automotive window related products and technology. The company would have a capital investment of \$11.1 million, including \$7.1 million in land and buildings and \$4.0 million in machinery and equipment.

Briefing Memo  
AGC America, Inc.  
Page Two  
July 12, 2000

The project would begin as soon as site details are final with full operations scheduled to commence in March 2001. The company anticipates having 10 employees by the end of 2000 and up to 35 employees by the end of 2003. Average weekly wages would be significant at \$1,899 and the company would offer a benefit package approximating 22 percent of wages.

#### **BENEFIT TO THE STATE:**

According to the economic analysis done by the Michigan Economic Development Corporation using REMI software, we estimate this facility will generate a total of 83 jobs in the state by the year 2019. Total state government revenues through the year 2019, net of MEGA costs and adjusted for inflation, would be increased by \$2,981,000 (2000 dollars) due to the presence of this facility.

#### **COST ANALYSIS:**

As part of the company's decision-making process, it has undertaken a comprehensive cost analysis between Ypsilanti Township, Michigan and Richmond, Kentucky. Based on figures obtained from the company, the cost disadvantage for AGC America to locate this expansion in Michigan rather than Kentucky amounts to approximately \$750,000 annually over the term of the incentive.

The most significant factors in this differential are wages, which are approximately 12 percent lower in Kentucky, and corporate and property taxes due to tax incentives granted in Kentucky. Additionally, the company would utilize an existing site in Kentucky compared to spending \$2.1 million for land and site development costs in Michigan. The Michigan Economic Development Corporation has reviewed these cost differentials and feel they are accurate.

#### **OTHER STATE AND LOCAL ASSISTANCE:**

The State of Michigan will provide AGC America a 100 percent abatement of the six-mill State Education Tax for a length of time

Briefing Memo  
AGC America, Inc.  
Page Three  
July 12, 2000

to match the local property tax abatement. It is estimated that the value of this abatement will be \$266,630.

Ypsilanti Township will be providing the company with a 50 percent abatement of real and personal property taxes for a period of 12 years, estimated to be worth up to \$1,106,406.

**RECOMMENDATION:**

The Michigan Economic Development Corporation recommends a high-tech MEGA employment credit of 100 percent for up to 35 net new jobs for a period of twenty years and a business activity credit of 100 percent for a period of fifteen years.