

MICHIGAN ECONOMIC DEVELOPMENT CORPORATION

MEMORANDUM

DATE: October 17, 2006

TO: Michigan Economic Growth Authority

FROM: James Donaldson, Vice President
Michigan Business Development

SUBJECT: Briefing Memo – American Litho, Inc.
Standard Credit

COMPANY NAME AND ADDRESS:

American Litho, Inc.
4150 Danvers Court, S.E.
Kentwood, MI 49512

HISTORY OF COMPANY:

American Litho Inc., located in Grand Rapids, Michigan is a leading manufacturer of ecologically safe printing plates, prepress chemistries, and plate processors for the U.S. & International newspaper industries. The parent company is Konica Minolta Graphic Imaging U.S.A., Inc., which is a leading manufacturer and distributor of both conventional and digital graphic arts supplies. The company serves the printing and publishing, corporate communications and newspaper industries from its manufacturing headquarters in Glen Cove, New York. It is a subsidiary of Konica Minolta Holding Inc., a global imaging leader with a variety of divisions handling imaging products and services including business machines, medical imaging, optical products, film, cameras, and on-site and wholesale photo-finishing. Konica Minolta Holding Inc. is based in Tokyo, Japan.

The company currently has 60 full time Michigan employees at its facility in Kentwood.

PROJECT DESCRIPTION:

American Litho's current product line has become obsolete in the major printing market. Over the past year they began an overhaul of their current facility and Production Line 2 in the facility. The company now proposes to add Production Line 3 in order to add new product lines to its capabilities. The addition of Line 3 will lead to further expansions in the future including the possibility of Production Lines 4 and 5 at an adjacent facility.

If the company proceeds with its plans to build Production Line 3, an investment of \$13.5 million in new machinery and equipment will be required. The company anticipates the creation of up to 163 new jobs, paying an average weekly wage of \$645.



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BENEFIT TO STATE:

According to the economic analysis done by the MEDC utilizing Regional Economic Models, Inc. software, it is estimated that this facility will create a total of 327 jobs in the state by the year 2015. We also estimate that the project would increase total state government revenues through the year 2015, net of MEGA cost and adjusted for inflation, of \$9.7 million (2006 dollars) due to the location of this facility.

BUT FOR:

The company has considered doing the initial expansion of Production Line 3 and all future expansions in the State of Pennsylvania. Pennsylvania has offered a Brownfield site where the expansion could take place. In addition, the company's customer base is closer to the Pennsylvania location, making transportation costs from Michigan higher.

OTHER STATE AND LOCAL ASSISTANCE:

The MEDC has offered up to \$81,500 in training assistance through the Economic Development Job Training program; up to \$500 per employee for up to 163 new employees.

The City of Kentwood has proposed a PA 198 property tax abatement for 8 years on personal property and 12 years on real property related to this project. The estimated value of this abatement is \$750,000. The city commission will take up this proposal at their October 17, 2006 meeting.

In addition the State of Michigan will provide a 100 percent abatement of the six-mill State Education Tax for a period of time to match the local real property tax abatement. The value of this abatement is estimated at \$98,000.

RECOMMENDATION:

The Michigan Economic Development Corporation recommends a 100 percent employment tax credit for 9 years, for up to 163 net new jobs.