



MICHIGAN ECONOMIC DEVELOPMENT CORPORATION

MEMORANDUM

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DATE: July 15, 2003
TO: Michigan Economic Growth Authority
FROM: Kathy Blake, Senior Vice President
Michigan Business Development
SUBJECT: Briefing Memo – American Mitsuba Corporation
High-Technology Credit

COMPANY NAME AND ADDRESS:

American Mitsuba Corporation
2945 Three Leaves Drive
Mt. Pleasant, Michigan 48858

HISTORY OF COMPANY:

American Mitsuba Corporation designs and tests automobile motor assemblies, windshield wiper systems, power window regulator motors, starters and cooling fans. The company is privately held and is owned by Mitsuba Corporation of Japan. American Mitsuba Corporation has a broad customer base, serving multiple original equipment manufacturers from a sister manufacturing operation in Mt. Pleasant. Currently, Mitsuba affiliated companies employ 352 associates in Michigan.

PROJECT DESCRIPTION:

The proposed project will house the Testing and Research Center for Mitsuba Corporation's North American operations as well as the North American Headquarters. The facility will design and test small motor products for their automotive customers, including power wipers and window washer systems, power window devices, door closing devices and fans. The company would lease 30,000 square feet in a new built-to-suit facility in Brighton. Also under consideration is a sister facility in Monroeville, Indiana. American Mitsuba Corporation would add 10 new jobs in the first year of the project and 85 new jobs over five years, paying an average weekly wage of \$1,095. Additional job creation may be possible at this facility depending on the demand for new products and the level of headquarter operations.

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Capital investment for the project would total \$10.7 million, including \$5.7 million for capitalized lease costs and \$5 million for new machinery and test equipment. Construction of the facility would be completed by July 2004, with operations beginning in August 2004.

BENEFIT TO STATE:

According to the economic analysis done by the Michigan Economic Development Corporation utilizing Regional Economic Models, Inc. software, we estimate this facility will generate a total of 90 jobs in the state by the year 2012. Total state government revenues through the year 2012, net of MEGA costs and adjusted for inflation, would be increased by \$1.8 million (2003 dollars) due to the presence of this facility.

BUSINESS CASE:

American Mitsuba Corporation has the option of locating this expansion next to its sister facility in Monroeville, Indiana, where it owns 25 acres of land. The Indiana location is attractive to the company because of existing land and lower wage costs. A quantitative analysis completed by the company, estimates a wage and benefits savings of nearly \$400,000 per year once the facility is fully staffed. In addition, the company would face higher property taxes in Michigan.

OTHER STATE AND LOCAL ASSISTANCE:

The City of Brighton has proposed a 50 percent abatement of the company's new real property for 10 years and the company's new personal property for eight years. The estimated value of this local abatement is \$918,200. The final abatement is expected to be approved on July 17, 2003.

RECOMMENDATION:

The Michigan Economic Development Corporation recommends a high-technology employment credit of 100 percent for 10 years for up to 85 net new employees.