



**MICHIGAN ECONOMIC DEVELOPMENT CORPORATION**

**MEMORANDUM**

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ASSISTANCE CENTER  
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**DATE:** February 19, 2008  
**TO:** Michigan Economic Growth Authority  
**FROM:** Val Hoag, Director  
Portfolio Management & Packaging  
Toni Brownfield, Project Manager  
Portfolio Management & Packaging *TB*

**SUBJECT:** Briefing Memo – Behr-Hella Thermocontrol, Inc.  
High-Technology MEGA Credit

**COMPANY NAME AND ADDRESS:**

Behr-Hella Thermocontrol, Inc.  
2852 Daley Drive  
Troy, Michigan 48083

**HISTORY OF COMPANY:**

Behr-Hella Thermocontrol, Inc. (BHTC) is a U.S. corporation that was incorporated January 2003. It is a subsidiary of Behr-Hella Thermocontrol GmbH located in Lippstadt, Germany. The principal business is the design, development, production, test and supply of climate control units for the automotive and heavy truck market segments. BHTC Group is the volume market leader in Europe and Asia with extensive growth in the North American Free Trade Agreement and India markets. BHTC currently employs 21 associates in Michigan.

**PROJECT DESCRIPTION:**

BHTC Inc. has been producing control units for its customers through a production agreement with two separate contract manufacturers. It is the intent, given a significant contract award with a large customer, to bring production in-house. This would result in an expansion beyond BHTC's existing Troy, Michigan, Center of Expertise.

BHTC, Inc. is considering where to locate its new manufacturing facility in the United States. Should BHTC choose to locate this operation in Michigan, the project will require capital investment of approximately \$7.9 million, which includes machinery and equipment, lease cost, and leasehold improvements. BHTC, Inc. is proposing the lease of a facility in the City of Wixom, Oakland County. Over the course of the next five years, BHTC expects to create up to 70 new jobs, paying an average weekly wage of \$879.

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**BENEFIT TO STATE:**

According to the economic analysis done by the Michigan Economic Development Corporation utilizing Regional Economic Models, Inc. software, it is estimated that this facility will generate a total of 159 jobs in the state by the year 2014. Total state government revenues through the year 2014, net of MEGA costs and adjusted for inflation, would be increased by \$2 million (2008 dollars) due to the presence of this facility.

**BUSINESS CASE:**

BHTC, Inc. is also considering Findlay, Ohio, for the location of this facility. When comparing the two locations, labor and utility costs in Ohio are less than the Wixom location.

**OTHER STATE AND LOCAL ASSISTANCE:**

The City of Wixom has proposed a 50% abatement of the company's new personal property taxes under PA 198 for five years. The estimated value of this abatement, including Michigan Business Tax reforms, is \$392,000.

**QUALIFYING HIGH-TECHNOLOGY ACTIVITY:**

The company is a qualified high-technology business, whose primary business activity is electronic device technology, as defined in the Act.

**RECOMMENDATION:**

The Michigan Economic Development Corporation recommends a 100 percent high-technology employment tax credit for seven years, for up to 70 net new employees.