

## MEMORANDUM

**DATE:** September 23, 2008

**TO:** Michigan Economic Growth Authority

**FROM:** Val Hoag, Director  
Portfolio Management & Packaging

Greg West, Project Specialist  
Business Development and Attraction

**SUBJECT:** Briefing Memo – Bissell, Inc.  
High-Technology MEGA Credit  
Retention MEGA Credit

### COMPANY NAME:

Bissell, Inc.  
2345 Walker Avenue NW  
Walker, Michigan 49544

### HISTORY OF COMPANY:

Bissell, Inc. is one of the largest and oldest suppliers and manufacturers of floor care products in the world, with products including sweepers, vacuums, deep cleaning machines and cleaning formulas. Bissell is also the leader in the floor care industry with respect to annual dollar share of the market. The company has been headquartered in the Grand Rapids, Michigan area since the current CEO's great-grandfather invented the carpet sweeper in 1876.

The company's floor care products generally fall into three product lines: dry devices, wet devices and floor care chemicals. The company is proud to have recently received the EPA's "Designed for the Environment" (DFE) designation for most of the chemicals it produces at its Michigan facility on Walker Avenue. It is the first floor care chemical company to receive this designation. They have been in their current location since the late 1950's and currently have 309 employees in Michigan.

### PROJECT DESCRIPTION:

The proposed project includes both the retention of current jobs and new job creation in support of an operations expansion and the development of an Innovation Center at Bissell's Walker, Michigan facility.

The Innovation Center would be a centralized location for research and development related to Bissell's new and existing product lines. The activities performed at the Innovation Center will encompass both mechanical and chemical research and development engineering and supply chain management, and will retain 79 jobs that would otherwise move out of Michigan. The Innovation Center will increase the footprint of the building and require substantial capital investment in order to create the necessary highly technical accommodations.

The second phase of the project involves an expansion of Bissell's current operations, including the creation of 106 new positions, targeting research and development, sales and marketing, supply chain, finance and administration. In addition to the capital improvements necessary to house the new employees, approximately 17,100 square feet of additional space will be required for the creation of the Innovation Center.

This project will create 106 new jobs with an average weekly wage of \$1,209 and retain 79 employees with an average weekly wage of \$1,260. Total investment over five years will be approximately \$7.75 million. The company will also offer health care benefits and pay a portion of the benefit costs.

**BENEFITS 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 create a total of 159 jobs in the state by the year 2018. We also estimate that the project would create total state government revenues through the year 2018, net of MEGA cost and adjusted for inflation, of \$5.3 million (2008 dollars) due to the creation of these new jobs.

**BUSINESS CASE:**

Alternatively, the company considered locating the Innovation Center in Shenzhen, China. While Bissell would like the Innovation Center to be located in Michigan, by building the Innovation Center in Asia, Bissell would be able to align their research and development function closer to their supplier base which would reduce travel costs for their research and development engineers. An Asia location would provide more cost effective wages than Michigan and would also allow Bissell better internal collaboration and increased responsiveness to their customers' immediate needs. In addition, Bissell currently has a facility in Shenzhen, China therefore locating the Innovation Center in Asia would be very cost efficient from a capital investment perspective and will allow for smoother transition of the jobs.

**OTHER STATE AND LOCAL ASSISTANCE:**

The City of Walker is supporting this project for Bissell, Inc. and anticipates approval of a personal property tax abatement under PA 198 and a 12-year Industrial Facilities tax abatement.

**QUALIFYING HIGH-TECHNOLOGY ACTIVITY:**

The company is a qualified high-technology business, whose primary business activity is Product Research and Development, as defined in the Act.

**RECOMMENDATION:**

Based on the factors described above, the Michigan Economic Development Corporation recommends a 100 percent employment tax credit for 10 years, for up to 106 net new employees, and a 95 percent employment tax credit for 10 years, for up to the 79 retained employees included in the project.