



MICHIGAN ECONOMIC DEVELOPMENT CORPORATION

MEMORANDUM

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DATE: November 24, 2008
TO: Michigan Economic Growth Authority
FROM: Amy Deprez, Packaging Team Manager
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SUBJECT: Briefing Memo – CareTech Solutions, Inc.
Standard MEGA Credit

COMPANY NAME:

CareTech Solutions, Inc.
901 Wilshire Drive
Troy, Michigan 48084

HISTORY OF COMPANY:

CareTech Solutions, Inc. was founded in 1998 to meet the healthcare industry's growing need for benefits-driven, cost-effective information technology services. CareTech Solutions provides expert services in virtually every facet of information management, from implementing emerging technologies to supporting day to day Information Technology and Health Information Management operations. The company serves several of the largest medical and education institutions in Michigan and in several other states throughout the country.

CareTech Solutions, Inc. currently employs 590 people in Michigan.

PROJECT DESCRIPTION:

The proposed project is the expansion of the headquarters and a new secondary data center for CareTech Solutions in the City of Troy.

As a result the project will create 440 new jobs in Michigan over the next five years paying an average weekly wage of \$1,114 and would include capital investment of approximately \$28 million. The company will also offer healthcare benefits and pay a portion of the benefit costs

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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 838 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 \$20.5 million (2008 dollars) due to the presence of this expansion.

BUSINESS CASE:

CareTech Solutions is also considering Ohio for this project. The major cost disadvantage for Michigan compared to Ohio is the difference in business tax rates.

OTHER STATE AND LOCAL ASSISTANCE:

At this time, no local commitment is in place. This project is not eligible for a tax abatement under PA 198 of 1974. Oakland County supports the project and has indicated that it may qualify for job training funds through the local Michigan Works program.

RECOMMENDATION:

Based on the factors described above, the Michigan Economic Development Corporation Recommends a 100 percent standard employment tax credit for 10 years for up to 440 new jobs subject to the following:

- Provided that the company creates a minimum of 330 new jobs by the end of the seventh year of operations (2016) and continues to maintain that number in future years. Failure to do so will result in the remaining years to be forfeited.