



## MICHIGAN ECONOMIC DEVELOPMENT CORPORATION

### MEMORANDUM

**DATE:** July 15, 2003

**TO:** Michigan Economic Growth Authority

**FROM:** Kathy Blake, Senior Vice President  
Business Development

**SUBJECT:** Briefing Memo – Dispomedic 2000, Ltd.  
Standard Credit

#### COMPANY NAME AND ADDRESS:

Dispomedic 2000, Ltd.  
1291 Mettler Road  
Huntingdon Valley, Pennsylvania 19006

#### HISTORY OF COMPANY:

Dispomedic 2000, Ltd. is a new company created to manufacture high quality safety syringe products, primarily for the medical industry. The company was incorporated in Michigan on July 22, 2002 as a North American manufacturer of these products. The company's ownership originates from Israel, where another manufacturing facility is located. Currently, the company has no employees in Michigan.

#### PROJECT DESCRIPTION:

Dispomedic plans to manufacture a family of safety syringe products in the United States, primarily for the medical industry. The company plans to purchase a 60,000 square foot speculative building in Port Huron, where they would manufacture syringe products. The project is expected to generate 200 new jobs by 2008, paying an average weekly wage of \$562. Dispomedic is also considering locations in Louisiana, including Jefferson Parish near New Orleans.

Dispomedic is required to obtain FDA approval on their products before full production can begin in Port Huron. It is anticipated that initial test runs will be completed in 2005, and approval granted by the FDA in that same year. If this occurs, full production will begin in 2006.

Total capital investment for the project would be approximately \$9 million, including \$4 million for building costs and renovations and \$5 million for new machinery and equipment. Construction on the building renovations would begin in the fall, with renovations and clean room construction completed by December 2004.

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**BENEFIT TO STATE:**

According to the economic analysis done by the University of Michigan, we estimate this facility will generate a total of 415 jobs in the state by the year 2015. Total state government revenues through the year 2015, net of MEGA costs and adjusted for inflation, would be increased by \$13.4 million (2003 dollars) due to the presence of this facility.

**BUT FOR:**

As part of the company decision-making process, Dispomedic compared the costs of the project in Port Huron to a location in Louisiana. After a comprehensive analysis, the major cost gaps identified by the company were lower wages and benefits and tax credits. The company estimates that once the facility is fully operational, wages and benefits will be nearly \$1 million lower per year in Louisiana. The company was also offered 100 percent personal property tax abatement for ten years and a Quality Jobs Program tax credit, estimated at nearly \$300,000 per year.

**OTHER STATE AND LOCAL ASSISTANCE:**

The State of Michigan will provide the company with an Economic Development Job Training (EDJT) grant of \$500 for the 200 new employees, or up to \$100,000. In addition, the state of Michigan will provide an abatement of the State Education Tax to match the terms and length of the local tax abatements. The estimated value of the State Education Tax abatement is \$145,300.

The City of Port Huron has agreed to pay for any design and engineering costs for facility build-outs required by the company. The estimated value of this incentive is \$50,000. The City of Port Huron has also proposed a 50 percent abatement of the company's new real property taxes for a period of 12 years and a 12-year abatement of the company's new personal property, of which the initial four years will be at 100 percent and the remaining eight years at 50 percent. The estimated value of the local abatement is \$1,190,300. Final tax abatement approval is expected by October. The Port Huron City Council is scheduled to approve the building purchase agreement on July 15, 2003.

**RECOMMENDATION:**

The Michigan Economic Development Corporation recommends a 100 percent employment tax credit for ten years, for up to 200 net new employees.

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