



MEMORANDUM

Date: December 13, 2011

To: Michigan Economic Growth Authority Board

From: Jessica Gomez, MEGA Program Analyst
Karla Campbell, State Tax Incentives Manager

Subject: Briefing Memo – The Dow Chemical Company
Addition of Affiliated Businesses Amendment & Correction of Employment Base

COMPANY NAME

The Dow Chemical Company
2030 Dow Center
Tax Department
Midland, Michigan 48674
www.Dow.com

BACKGROUND

In February 2010, the MEGA Board approved a 15-year, 100 percent Standard MEGA Tax Credit to The Dow Chemical Company (“Dow”) to locate their DOW™ POWERHOUSE™ solar shingle project in Michigan and encourage additional employment within Michigan (Resolution 2010-014). The Credit was awarded for up to 1,700 Qualified New Jobs with an average weekly wage of \$763 above a base employment of 5,278 full-time employees. The project location was centralized in Midland, Michigan and also included areas throughout the state.

When submitting the MEGA Application, Dow included 34 employees of DCOMCO, Inc., a Dow subsidiary that houses expatriate employees. Expatriate employees are not considered full-time jobs under the MEGA Act and should not have been included in the base employment figure. Dow has requested that we remove the 34 employees from the base, reducing the base employment figure to 5,244. The 5,244 full-time employees account for all eligible employees at the date of application.

In addition, Dow has attracted three new subsidiary companies to Michigan since the Credit was approved, increasing the potential for new employment in Michigan. Dow is requesting that the following entities are added as subsidiary companies under the Credit:

- Dow Business Services, LLC
- Rohm and Haas Chemicals, LLC
- Rohm and Haas Company

None of these entities had Michigan employment at the time of the resolution.

STATUS OF PROJECT

The MEGA tax credit is scheduled to begin with the company’s tax year ending December 31, 2012 with the option to pull ahead for the 2011 tax year.

Michigan Economic Development Corporation

RECOMMENDATION

Based on the factors described above, the Michigan Economic Development Corporation recommends reducing the base employment figure from 5,278 to 5,244 and adding the following entities as Subsidiary Businesses:

- Dow Business Services, LLC
- Rohm and Haas Chemicals, LLC
- Rohm and Haas Company