

# MEMORANDUM

**Date:** February 25, 2010

**To:** Michigan Economic Growth Authority

**From:** Amy Deprez, Manager  
Packaging Team

Phil Santer, Project Specialist  
Packaging Team

**Subject:** Briefing Memo – The Dow Chemical Company  
Standard MEGA Credit

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## COMPANY NAME

The Dow Chemical Company  
2030 Dow Center  
Midland, Michian 48674

## HISTORY OF COMPANY

The Dow Chemical Company (“Dow”) is a diversified chemical company that produces numerous chemicals used in a wide range of products including electronic materials, health and agriculture, automotive systems, basic plastics, and hydrocarbons, among others. Dow employs about 46,000 people worldwide and had over \$57 billion in sales in 2008.

The Dow Chemical Company is headquartered in Midland, Michigan and currently has 5,278 employees in Michigan.

## PROJECT DESCRIPTION

Dow is embarking on a series of projects that will increase their employment in Michigan and in the City of Midland. These projects are anchored by two phases of solar manufacturing, which will produce DOW™ POWERHOUSE™ solar shingles and solar cells using CIGS technology. In 2009, TIME Magazine named Dow’s solar shingle as one of “The 50 Best Inventions of 2009.” This project will help secure the manufacturing of this product in Michigan. In addition, Dow plans to create jobs in other industry sectors, including business services, automotive, research and development, and agricultural sciences.

In sum, The Dow Chemical Company will invest approximately \$600 million and could create up to 1,200 jobs over the next five years and up to 1,700 jobs over the course of these projects. The average weekly wage for the newly created jobs will be \$763. The company also offers healthcare benefits, and plans to pay a portion of the benefit cost.

The effect on other Michigan businesses in the same industry was taken into consideration when recommending the amount and length of this tax credit.

### **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 6,100 jobs in the state by the year 2024. Total state government revenues through the year 2024, net of MEGA costs, would be increased by \$370 million (current dollars) due to the presence of this facility.

### **BUSINESS CASE**

Besides Michigan, Dow is considering several other locations to site these projects including Pennsylvania, Indiana and Texas. These locations are attractive because they could provide available administrative and manufacturing facilities at no cost to the company. A MEGA Tax Credit allows Michigan locations to compete effectively for the location of the solar shingle project, as well as other future plans.

### **OTHER STATE AND LOCAL ASSISTANCE**

The Michigan Economic Development Corporation has offered a competitive incentive package in support of this project that includes support of a Renaissance Zone valued at up to \$28 million, a Photovoltaic Michigan Business Tax credit valued at up to \$15 million, and Brownfield Michigan Business Tax credits valued at up to \$20 million.

These incentives will be recommended for support at future meetings.

### **RECOMMENDATION**

Based on the factors described above, the Michigan Economic Development Corporation recommends a 100 percent employment tax credit for 15 years for up to 1,700 net new employees in excess of the company's established base of 5,278, provided that they create and maintain at least 1,700 Qualified New Jobs by the end of the 12<sup>th</sup> credit year. Failure to do so would forfeit the remaining credit years.