

**MEGA TAX CREDIT AGREEMENT**

**General Motors Corporation  
(Lansing Project)**

This Agreement is entered June 30, 2000, between the Michigan Economic Growth Authority ("MEGA"), whose address is Post Office Box 30234, Lansing, Michigan 48909 and General Motors Corporation, ("Company"), a Delaware Corporation, whose address is 300 Renaissance Center Drive, Detroit, Michigan 48265, and whose Employer Identification Number is [REDACTED]

**RECITALS**

WHEREAS, the MEGA has been created by the Michigan Economic Growth Authority Act, Act No. 24 of Public Acts of 1995, as amended (the "Act"), with the power to provide tax credits to businesses involved in manufacturing, mining, research and development, wholesale and trade, or office operations.

WHEREAS, the Legislature has determined that it is in the public interest to promote economic growth and to encourage private investment, job creation and job upgrading for the residents of the State of Michigan.

WHEREAS, the MEGA has determined that providing tax credits to the Company for job retention will promote and serve the purposes of the Act.

WHEREAS, the MEGA and the Company desire to set forth the terms and conditions for a MEGA Tax Credit.

NOW, THEREFORE, the parties agree as follows:

## 1.0 DEFINITIONS

(a) "Act" means Public Act 24 of 1995, as amended.

(b) "Agreement" means this written agreement.

(c) "Application" means any information submitted to the MEGA in support of the Company's request for a Tax Credit.

(d) "Anniversary Date" means December 31, 2002.

(e) "Authority" or "MEGA" means the Michigan Economic Growth Authority created by the Act.

(f) "Annualized Payroll" means the total amount of Salaries and Wages that would have been payable for the performance of the Retained Jobs on the payroll as of the last day of operations in the applicable tax year, if those jobs had been performed for the entire year.

(g) For purposes of filing a Certified Statement of Eligibility (Retention) as required by Section 4.2(b), "Average Weekly Wage" means the aggregate Salaries and Wages paid or payable for the performance of Retained Jobs at the Project, during a week in which the Company satisfies the requirements of Sections 4.1(a) and 4.1(c), divided by the number of Retained Jobs at the Project.

For purposes of obtaining a Tax Credit Certificate as provided in Section 4.3, "Average Weekly Wage" means the "Annualized Payroll" during the applicable tax year for employees performing Retained Jobs at the Project, divided by 52, divided by the number of Retained Jobs at the Project.

(h) "Certificate" or "Tax Credit Certificate" means the certificate required to be issued by the Act which states that the Company is an authorized business, the

amount of the Tax Credit authorized for a tax year, and the Company's federal employer identification number or Michigan Treasury number.

(i) "Certificate Application" or "Application for a MEGA Tax Credit Certificate" means the written information submitted each year in support of the Company's request for a Tax Credit Certificate.

(j) "Facility" means the "Project" or the site within this state at which the Company has committed to locating Retained Jobs.

(k) "Full-time Job" means a job performed by an individual who is employed by the Company for consideration for 35 hours or more each week and for which the Company withholds income and social security taxes.

(l) "MEGA Business Activity Credit" or "Business Activity Credit" means a credit against the Single Business Tax authorized by Section 38g(19)(b) of Public Act 143 of 2000.

(m) "MEGA Employment Credit" or "Employment Credit" means a credit against the Single Business Tax authorized by Section 38g(19)(b) of Public Act 143 of 2000.

(n) "MEGA Tax Credit" or "Tax Credit" means a MEGA Business Activity Credit and/or a MEGA Employment Credit.

(o) "Person" means an individual, proprietorship, joint venture, partnership, trust, business trust, syndicate, association, joint stock company, corporation, cooperative, limited liability company or any other organization.

(p) "Project" means the facility at which the Company will locate Retained Jobs as described under Project Description.

(q) "Retained Job" means a Full-time Job located at the Project held by a Michigan resident that is created or maintained by the Company after June 13, 2000.

(r) "Salaries and Wages" means wages, tips and other compensation reported in Box 1 of the employees' W-2 forms.

(s) "Statement of Eligibility" or "Statement" means the certified statement required by Section 4.2 of this Agreement.

## **2.0 REPRESENTATIONS**

**2.1 Representations by the MEGA.** MEGA makes the following representations and warranties as of the date of this Agreement:

(a) The MEGA is a public body established and acting pursuant to the Act.

(b) The MEGA has the necessary power under the Act to grant MEGA Tax Credits and has duly taken all action on its part required to authorize, execute and deliver this Agreement. When executed by both parties, this Agreement will be a valid and binding obligation of MEGA enforceable against MEGA in accordance with its terms.

(c) Upon execution of this Agreement, the MEGA will issue the Company's Initial Tax Credit Certificate in the form attached to this Agreement.

**2.2 Representations by the Company.** The Company makes the following representations and warranties as of the date of this Agreement:

(a) Existence and Power. The Company is validly existing in the State of Delaware and is in good standing under the laws of the State of Michigan, and is duly qualified to transact business in Michigan.

(b) Corporate Authority. The execution, delivery and performance by the Company of this Agreement have been duly authorized by all necessary corporate action and will not violate any provision of law or of its articles of incorporation or its bylaws.

(c) Full Disclosure. Neither this Agreement, the Company's Application, nor any written statements furnished by the Company to the MEGA in connection with the authorization of a MEGA Tax Credit contain any untrue statement of a material fact or omit a material fact.

(d) Eligibility. The Company will maintain Retained Jobs at the Project for manufacturing automobiles, generally classified under SIC Code 3711.

(e) Project Description. The Company intends to construct a vehicle manufacturing facility in Lansing, Ingham County, to produce automobiles and automobile components. The Company will relocate production of a product not previously produced in Michigan to the facility. The Project will result in the maintenance of the statutory minimum of 500 Retained Jobs no later than December 31, 2002. The Retained Jobs created will pay an Average Weekly Wage of at least \$938 and at no time will the average wage paid for these Retained Jobs be less than 150 percent of the federal minimum wage.

To qualify for a MEGA Tax Credit, the Company will make capital investment of at least \$500,000,000 in the Project no later than December 31, 2002. The Project is economically sound and the investment capital and/or financing needed to complete the Project is now committed. As of May 12, 1999, construction of the Project had not begun.

(f) Need for MEGA Tax Credits. The Tax Credits authorized by this Agreement address the competitive disadvantages of locating in Michigan instead of a site outside this State. The Project will not occur in Michigan without the tax credits offered by this Agreement and the Act.

(g) Site Reuse. The Company has considered the reuse or redevelopment of property previously used for an industrial or commercial purpose and the Company has determined the use of such property is feasible in locating the Project.

(h) Certification. The Company has made the certifications required by Section 8(3)(f) of the Act, which are attached to this Agreement as Schedule B, that it:

(1) Will follow a competitive bid process, open to all Michigan residents and firms, for the construction, rehabilitation, development or renovation of the facility, and that it will not discriminate against any contractor on the basis of its affiliation or non-affiliation with any collective bargaining organization.

(2) Will make a good faith effort to employ, if qualified, Michigan residents at the facility.

(3) Will make a good faith effort to employ or contract with Michigan residents and firms to construct, rehabilitate, develop, or renovate the facility.

(i) Binding Agreement. When executed by both parties, this agreement will be a valid and binding obligation of the Company enforceable against the Company in accordance with its terms.

### **3.0 MEGA TAX CREDIT**

Based upon the Application and the Company's representations and warranties in this Agreement, the Authority authorizes the following tax credits subject to the conditions in Section 4.0 of this Agreement.

#### **3.1 Business Activity Credit**

(a) A Business Activity Credit of 100 percent of that portion of the Company's Single Business Tax liability that is attributable to the Project. The portion of the tax liability attributable to the Project is the same as the tax liability attributable to authorized business activity as calculated under Section 38g(19)(b) of Public Act 143 of 2000. The Business Activity Credit is authorized for twenty consecutive tax years beginning with the Company's 2002 tax year.

(b) No more than 2500 Retained Jobs may be used in calculating the ratios as provided in Section 38g(19)(b) of Public Act 143 of 2000.

#### **3.2 Employment Credit.**

(a) An Employment Credit equal to 100 percent of the state's personal income tax rate, as it exists at the beginning of the Company's tax year for which the credit is being sought, multiplied by the total Salaries and Wages, before deducting any personal or dependency exemptions, of employees with Retained Jobs. The Employment Credit is authorized for twenty consecutive tax years beginning with the Company's 2002 tax year.

(b) No more than 2500 Retained Jobs may be used in calculating the Employment Credit as provided in Section 38g(19)(b) of Public Act 143 of 2000.

### **3.3 Advancing the Scheduled Years of the Credit**

If the Company meets the requirements of Section 4.1, the Company may elect to begin the credits authorized by Sections 3.1 and 3.2 with the 2001 tax year. If this option is elected, it applies to both credits, and the last year of the credits will be 2020 and not 2021 as provided in Schedule A.

### **4.0 CONDITIONS OF THE MEGA TAX CREDITS**

**4.1 Eligibility.** The Company shall not be eligible for the Tax Credit provided in Section 3.0 of this Agreement unless:

(a) The statutory minimum of 500 Retained Jobs have been located at the Project, no later than the Anniversary Date.

(b) The Average Weekly Wage paid to all employees with Retained Jobs is at least \$938.

(c) The Company has made at least \$500,000,000 of capital investment in the Project, no later than the Anniversary Date.

**4.2 Statement of Eligibility.** Any time after 500 Retained Jobs have been located at the Project, but in no case later than 30 days after the Anniversary Date, and in all cases prior to or concurrent with the first application for a Tax Credit Certificate, the Company shall file a Certified Statement of Eligibility (Retention) in a form specified by the Authority. The Statement shall contain the following information:

(a) The number of Retained Jobs.

(b) The Average Weekly Wage paid to employees with Retained Jobs.

(c) The dollar amount of capital investment in the Project.



(d) A description of the new product production being relocated to Michigan sufficient to permit a determination that the product has not previously been produced in Michigan.

(e) A certification by an authorized officer of the Company, or designated representative of the Company authorized to sign the Company's tax returns, that the information provided in the Statement of Eligibility is true.

**4.3 Tax Credit Certificate.** To obtain a Tax Credit Certificate for any tax year, the Company shall:

(a) Maintain the minimum number of Retained Jobs at the Project, as required by Schedule A of this Agreement, for the applicable tax year. In computing the number of Retained Jobs at the Project in any tax year, the Company shall determine the number of Retained Jobs at the Project as of the last day of each of the four quarters of the applicable tax year, total the results for the four quarters, and divide the sum by four (4).

(b) Pay an Average Weekly Wage in connection with the Retained Jobs of at least the amount required by Schedule A of this Agreement for the applicable tax year.

(c) Pay an average hourly wage in connection with Retained Jobs that equals or exceeds 150 percent of the highest hourly federal minimum wage in effect for the applicable tax year.

(d) Make an Application to the MEGA for a Tax Credit Certificate as provided in Section 5.0 of this Agreement.

(e) Provided that the Company has initially satisfied the requirements of Section 4.1, failure of the Company to satisfy the requirements of Section 4.3 in any given year does not preclude the Company from qualifying for and obtaining a Tax Credit in any other year, if authorized by Section 3.1 or Section 3.2 of this Agreement.

**4.4 Audit and Verification.** The information provided in the Application, the Application for a MEGA Tax Credit Certificate, and the Statement of Eligibility are subject to audit and verification by the Authority or its designee. Upon reasonable advance notice to the Company by the Authority, the Company shall permit the Authority or its designee, during normal business hours, to inspect the files of the Company solely for the purpose of verifying eligibility for the Tax Credits authorized by this Agreement. The files subject to inspection include, but are not limited to, those relevant to wage and hour records, job classification, job assignments and employment histories.

The Authority or its designee shall use all information received pursuant to inspection of the Company's files solely for the purpose of verifying eligibility for the Tax Credits authorized by this Agreement. The Company may request confidentiality pursuant to Section 5(3) of the Act on financial or proprietary information retained by the Authority in the course of its inspection of the files.

## **5.0 ANNUAL APPLICATION FOR TAX CREDIT CERTIFICATE**

**5.1** For each year that it seeks a Tax Credit under this Agreement, the Company shall complete an Application for a MEGA Tax Credit Certificate.

**5.2** The Certificate Application shall be filed with the Authority at least 45 days prior to the day the Company's Single Business Tax return is due. If the Company receives an extension of the deadline to file its Michigan Single Business Tax return, the Company shall indicate in the Certificate Application the extended due date. The Certificate Application shall be filed with the Authority at least 45 days prior to the extended deadline.

**5.3** The form of the Certificate Application shall be as specified by the Authority from time to time. The Certificate Application shall contain the following information:

(a) The number of Retained Jobs at the Project as of the end of each of the four quarters in the applicable tax year.

(b) The total Salaries and Wages, before deducting any personal or dependency exemptions, paid to employees who had Retained Jobs at the Project during the applicable tax year.

(c) The total Salaries and Wages, before deducting any personal or dependency exemptions, paid to employees who had Full-time Jobs in Michigan for the Company, other than Retained Jobs at the Project for which the Company is seeking a Tax Credit, during the applicable tax year.

(d) The value of the property at the Project as of the end of the applicable tax year.

(e) The value of all property owned in the state by the Company as of the end of the applicable tax year. For the purposes of subsection (d) and this subsection, the value of property shall be determined by the same method and

shall be consistent with the method by which property is valued for purposes of the Michigan Single Business Tax.

(f) Any other information which is reasonably related to determining the applicable Tax Credit.

(g) A certification by an Authorized Officer or designated representative of the Company that is authorized to sign the Company's tax returns, that the information provided in a Certificate Application is true.

5.4 The information in a Certificate Application is subject to audit and verification by the Authority or its designee consistent with Section 4.4 of this Agreement.

5.5 Within 45 days of receiving a complete Certificate Application, the MEGA will review that application to determine whether the requirements of this Agreement have been satisfied and, if so, will calculate the credit authorized under this Agreement and issue a Tax Credit Certificate to the Company.

#### **6.0 ADJUSTMENT, REDUCTION, OR TERMINATION OF CREDITS**

6.1 If the Company does not comply with the conditions required in Section 4.1, this Agreement is void, the Company is no longer an authorized business for purposes of the Act and no Tax Credits will be authorized under this Agreement.

6.2 Failure of the Company to comply with any provision of this Agreement, other than as a result of a clerical or technical error which is corrected when it is discovered to be an error, may result in revocation of the Company's designation as an authorized business or the reduction or loss of Tax Credits for which a Certificate has not yet been issued.

**6.3** A Tax Credit authorized by the Authority is subject to adjustment in any tax year following the tax year for which a Tax Credit Certificate was issued, if the information on which the tax credit certification was based is found to be incorrect or cannot be verified.

**6.4** If the Authority determines that the Company misrepresented information in order to qualify for, or increase the amount of a Tax Credit, the Authority may revoke the Company's designation as an authorized business and notify the Michigan Department of Treasury of that revocation. Any tax credits that have been received based upon a misrepresentation may be subject to recovery by the State of Michigan.

**6.5** Prior to taking any adverse action against the Company under Sections 6.1, 6.2, 6.3, or 6.4, the Authority shall provide the Company with written notice of its intent to take such action and the basis for that action and shall provide the Company with a reasonable opportunity to respond.

## **7.0 REPORTING**

The Company shall provide the MEGA with the information regarding its participation in the Tax Credit Program as the MEGA may reasonably require while this Agreement is effective.

## **8.0 MISCELLANEOUS**

**8.1 Assignment of Credits.** The Tax Credits authorized by this Agreement shall not be transferred or assigned to any other Person. In the event a Person acquires all or substantially all of the assets of the Company in Michigan, after the

date of this Agreement, the Authority shall authorize the transfer of the Company's rights under this Agreement to that Person if:

(a) The Person agrees in writing to assume all of the responsibilities of the Company under this Agreement.

(b) The Authority determines that the transfer would serve the purposes of the Act and this Agreement.

**8.2 Severability.** If any provision of this Agreement is held illegal or invalid by any court, the invalidity of that provision shall not affect the remainder of this Agreement, and the Agreement shall be construed and enforced as if such illegal or invalid provision had not been in the Agreement.

**8.3 Notices.** All notices, certificates, requests or other communications hereunder shall be sufficiently given when delivered, if delivered by registered or certified mail, return receipt requested, or by messenger or professional courier service, addressed as follows:

**If to the MEGA by mail:** Michigan Economic Development Corp.  
Michigan Economic Growth Authority  
Post Office Box 30234  
Lansing, Michigan 48909  
Attention: Jim Paquet

**If to the MEGA by messenger or professional courier service:**  
Michigan Economic Growth Authority  
Michigan Economic Development Corp.  
201 North Washington Square  
Victor Office Center, 5<sup>th</sup> Floor  
Lansing, Michigan 48913  
Attention: Jim Paquet

**If to the Company:**

Michael E. Mack, General Director  
State & Local Taxes & Global Customs Activities  
General Motors Corporation  
MC 482-C15-C66  
P.O. Box 300  
Detroit, Michigan 48265-3000


**8.4 Project Sign.** The Company will erect a Project sign within thirty (30) days after execution of this Agreement. The sign must be located on the Project site in the most visually accessible place to ensure maximum public exposure. The sign shall remain on the Project site until the completion of construction. The Company will be responsible for the cost of the sign (\$290). The Company is responsible for contacting the sign vendor and providing the city name, project name, and shipping address. The sign vendor is: Mr. Scott Hildebrant, ImageLine Productions, (517) 729-7446, whose offices are located at 811 West Main, Owosso, Michigan 48867.

**8.5 Entire Agreement and Amendment.** Subject to the provisions of the Act, this Agreement and the attached Schedules contain the entire Agreement between the Company and MEGA with respect to the matters described in the Agreement. This Agreement may not be amended except with the written consent of the Authority and the Company.

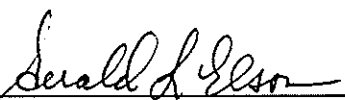
**8.6 Captions.** The captions in this Agreement are for convenience only and in no way limit the intent of any provision of this Agreement.

8.7 Interpretation. This Agreement shall be governed by and interpreted in accordance with the laws of the State of Michigan.

**Michigan Economic Growth Authority**

By   
\_\_\_\_\_  
Jim Paquet  
Secretary to the MEGA Board

**General Motors Corporation**

By   
\_\_\_\_\_  
Gerald L. Elson  
General Manager, NA Car Group



**General Motors Corporation**

**Schedule A Retained: Minimum Employment and Wage Levels**

**to Qualify for the MEGA Tax Credits**

<u>Year of Credit</u>	<u>Tax Year</u>	<u>Minimum # of Retained Jobs</u>	<u>Minimum Average Weekly Wage</u>
1	2002	500	\$ 938
2	2003	500	938
3	2004	500	938
4	2005	500	938
5	2006	500	938
6	2007	500	938
7	2008	500	938
8	2009	500	938
9	2010	500	938
10	2011	500	938
11	2012	500	938
12	2013	500	938
13	2014	500	938
14	2015	500	938
15	2016	500	938
16	2017	500	938
17	2018	500	938
18	2019	500	938
19	2020	500	938
20	2021	500	938

**General Motors Corporation**

**Schedule B**

The General Motors Corporation certifies that:

1. It will follow a competitive bid process, open to all Michigan residents and firms, for the construction, rehabilitation, development or renovation of the facility, and that it will not discriminate against any contractor on the basis of its affiliation or non-affiliation with any collective bargaining organization.

2. It will make a good faith effort to employ, if qualified, Michigan residents at the facility.

3. It will make a good faith effort to employ or contract with Michigan residents and firms to construct, rehabilitate, develop, or renovate the facility.

Certified this 30<sup>th</sup> day of June, 2000.

By: Gerald L. Elson

Gerald L. Elson  
General Manager, NA Car Group

Certificate Number

00 - 83 - 00

**Initial Tax Credit Certificate**

Issued this 5TH day of JULY, 2000, by the

**Michigan Economic Growth Authority**

to General Motors Corporation, Employer Identification Number, 38-0752515, which is an Authorized Business pursuant to Public Act 24 of 1995, as amended.

The MEGA authorizes to General Motors Corporation, an Employment Credit of 100 percent for twenty consecutive tax years, beginning with the Company's 2002 tax year, under Section 38g(19)(b) of Public Act 143 of 2000. The MEGA authorizes a Business Activity Credit of 100 percent for twenty consecutive tax years, beginning with the Company's 2002 tax year, under Section 38g(19)(b) of Public Act 143 of 2000.

By Jim Paynet  
Secretary to the Michigan Economic Growth Authority  
Board