



**MICHIGAN ECONOMIC DEVELOPMENT CORPORATION**

**MEMORANDUM**

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**DATE:** August 15, 2006  
**TO:** Michigan Economic Growth Authority  
**FROM:** Jim Donaldson, Vice President  
Business Development

**SUBJECT:** Briefing Memo – Gestamp US HardTech, Inc.  
Standard MEGA Credit

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**COMPANY NAME AND ADDRESS:**

Gestamp US HardTech, Inc.  
200 Kipp Road  
Mason, Michigan 48854

**HISTORY OF COMPANY:**

Gestamp US HardTech, Inc. (US HardTech) develops, manufactures and markets safety and structural components for the car industry. Their products are used by the Big Three and BMW. In 1998, SSAB HardTech began production in its new facility in Mason, Michigan. The Swedish-owned company built the facility in response to North American demand for its products. The HardTech divisions in both the US and Sweden were purchased by Gestamp Automocion, out of Madrid, Spain in 2005.

**PROJECT DESCRIPTION:**

In order to meet upcoming federal rollover standards for pickup trucks, US HardTech will be providing a new product concept to the auto industry. This press hardening process for safety component parts provides a lighter weight, high strength product at a competitive price. In order to manufacture these new safety products, US HardTech is proposing to add on to its existing facility with a 200,000 square foot expansion.

The project would lead to the creation of 50 new jobs in the first year of the project and 150 new jobs over five years. The new positions will pay an average starting weekly wage of \$564.

Total capital investment for the project will be approximately \$74 million, including \$18 million in new construction and \$56 million in new machinery and equipment.



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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, we estimate this facility will generate a total of 349 jobs in the state by the year 2022. Total state government revenues through the year 2022, net of MEGA costs and adjusted for inflation, would be increased by \$16.5 million (2006 dollars) due to the presence of this facility.

**BUT FOR:**

It is US HardTech's preference to expand their existing facility in Mason, MI, however, their parent organization in Spain has a facility in McCalla, Alabama servicing the auto industry, and the push from management there is to expand the Alabama facility. It is their belief that the future of the American auto industry is in the South. There is sufficient land available to build this project at the Alabama site.

US HardTech operates under a very lean manufacturing concept and would be able to oversee an expansion in Mason, next to their current facility, much more efficiently than an expansion in Alabama. One of the reasons US HardTech built the current facility in Michigan was the skill base of the workforce. But the lower wages in Alabama offers financial reasons to consider doing the expansion there.

**OTHER STATE AND LOCAL ASSISTANCE:**

The City of Mason is expected to approve a 50 percent PA 198 tax abatement for the new real property for 12 years and personal property related to this project for 12 years. The estimated value of this abatement is \$7,895,142.

The state of Michigan will provide a 100 percent abatement of the six-mill State Education Tax for a period of time to match the local real property tax abatement. The value of this abatement is estimated at \$1,697,065.

**RECOMMENDATION:**

The Michigan Economic Development Corporation recommends a 100 percent standard employment tax credit for 15 years, for up to 150 net new employees.