

MEMORANDUM

DATE: September 23, 2008

TO: Michigan Economic Growth Authority

FROM: Val Hoag, Director
Portfolio Management & Packaging

Joshua Hundt, Project Specialist
Portfolio Management & Packaging

SUBJECT: Briefing Memo – Hino Motors Manufacturing USA, Inc.
High-Wage MEGA Credit

COMPANY NAME:

Hino Motors Manufacturing USA, Inc.
37777 Interchange Drive
Farmington Hills, Michigan 48335

HISTORY OF COMPANY:

Hino Motors Manufacturing, Inc. (HMM), based in Japan, a wholly-owned subsidiary of Hino Motors Ltd. (HML). HMM has three principle businesses in the United States: manufacturing and assembly of Class IV through VII commercial trucks, serving as the parts distribution operation for commercial truck parts destined for various export markets, and manufacturing parts for certain Toyota trucks that are produced in the United States.

The company currently has 36 full-time employees in Michigan.

PROJECT DESCRIPTION:

HMM is considering consolidating and expanding various administrative, research and development, quality assurance, and other back office work at its current facility in the City of Farmington Hills in Oakland County.

The proposed project will result in the creation of 10 jobs in the next year and 34 jobs over the next five years. The average weekly wage for these newly created jobs is \$1,145. The company will also offer healthcare benefits and pay a portion of the benefit costs.

The total capital investment for this project is expected to be \$3 million.

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 65 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 \$1.1 million (2008 dollars) due to the presence of this facility.

BUSINESS CASE:

Hino Motors Manufacturing USA, Inc. also looked at the company's current facilities in West Virginia, Arkansas, and California for this project. The company has indicated that the wages for these jobs are much higher in Michigan than in Arkansas or West Virginia, and are modestly higher than wages in California.

OTHER STATE AND LOCAL ASSISTANCE:

Oakland County plans to support this project by offering \$20,000 in Incumbent Worker Training funds to HMM.

QUALIFYING HIGH-TECHNOLOGY ACTIVITY:

The company is a qualified high-wage business.

RECOMMENDATION:

Based on the factors described above, the Michigan Economic Development Corporation recommends a 100 percent high-wage employment tax credit for seven years for up to 34 net new employees in excess of the company's current four quarter average of 38 full-time employees.