



MICHIGAN ECONOMIC DEVELOPMENT CORPORATION

MEMORANDUM

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DATE: April 19, 2004
TO: Michigan Economic Growth Authority
FROM: James Donaldson, Vice President
Michigan Business Development
SUBJECT: Briefing Memo – Hoover Universal, Inc. Battle Creek
Retention MEGA Credit

COMPANY NAME AND ADDRESS:

Hoover Universal, Inc.
49200 Halyard Drive
Plymouth, Michigan 48170

HISTORY OF COMPANY:

Hoover Universal is a wholly owned subsidiary of Johnson Controls, a global market leader in automotive systems and facility management and control. In the automotive market, it is a major supplier of integrated seating and interior systems, and batteries. For nonresidential facilities, Johnson Controls provides control systems and services including comfort, energy and security management. Johnson Controls, founded in 1885, has headquarters in Milwaukee, Wisconsin.

PROJECT DESCRIPTION:

Hoover Universal is considering a site Fremont, Ohio or a complete re-tooling of a Johnson Controls manufacturing plant that produces a different product, and is part of a different unit within Johnson Controls. The new operation will manufacture metals components for a variety of seating applications, throughout the midwest region. The new manufacturing processes at this proposed plant are not in operation anywhere in the world today. The building itself will require major renovation. The project investment is approximately \$49 million in real and personal property, and the project is projected to retain 203 jobs with an average weekly manufacturing wage of approximately \$672.

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Hoover Universal, Inc. – Battle Creek
Briefing Memo
April 19, 2005
Page Two

BENEFIT TO STATE:

According to the economic analysis done by the University of Michigan, we estimate that this facility will create a total of 520 jobs in the state by the year 2025. We also estimate that the project would create total state government revenues through the year 2025, net of MEGA cost and adjusted for inflation, of \$31.6 million (2004 dollars) due to the location of this facility.

BUT FOR:

Hoover Universal is considering two locations for this expansion, Battle Creek and Fremont, Ohio. When comparing the locations, the company estimates that wage rates in Ohio are equivalent to Battle Creek. However, business taxes in Ohio are significantly lower and Ohio is offering an aggressive incentive package. When this project is fully staffed, that business cost differential would be approximately \$1 million per year.

OTHER STATE AND LOCAL ASSISTANCE:

The City of Battle Creek approved a 50% abatement of property taxes for new real and personal property in November 2004. The estimated value of the local property tax abatement is \$5.4 million. In addition, the state has offered 100 percent abatement of the six-mill state education tax for any real and personal property worth up to \$1.8 million for the same term as the local abatement.

RECOMMENDATION:

The Michigan Economic Development Corporation recommends a 100 percent employment tax credit for 20 years and a 100 percent business activity credit for 20 years for up to 203 net new employees.