



MICHIGAN ECONOMIC DEVELOPMENT CORPORATION

MEMORANDUM

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Date: September 22, 2009

To: Michigan Economic Growth Authority

From: Amy Deprez, Manager
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Joshua Hundt, Project Specialist
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Subject: Briefing Memo – HUMMER, LLC
Standard MEGA Credit

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Versa Development, LLC

COMPANY NAME

HUMMER, LLC
GM Renaissance Center – Tower 100
Detroit, Michigan 48265

HISTORY OF COMPANY

General Motors Acquired the HUMMER brand name and distribution rights from AM General in January 2000. Under General Motors Ownership HUMMER's reputation as a leader in premium off road vehicles was continued from their heritage at AM General. The HUMMER brand has distribution in over 38 countries throughout the world.

The definitive documents in the sale of the HUMMER brand have been signed by General Motors Corporation and Sichuan Tenzhong.

HUMMER, LLC has no employees in Michigan.

PROJECT DESCRIPTION

The proposed project is for the new HUMMER headquarters to be located in the City of Auburn Hills or the City of Detroit. This facility will coordinate global activity of all design, engineering, product planning, sales, service, and marketing of all vehicle and licensed products.

HUMMER will invest approximately \$9.4 million and create 300 jobs over the next five years as a result of this project. The average weekly wage for the newly created jobs will be \$2,605. The company also offers healthcare benefits, and plans to pay a portion of the benefit cost.

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 941 jobs in the state by the year 2019. Total state government revenues through the year 2019, net of MEGA costs, would be increased by \$36.6 million (current dollars) due to the presence of this facility.

BUSINESS CASE

HUMMER is also considering locations in South Carolina, Louisiana, and Tennessee for this project. All three of these locations are closer to the company's manufacturing facility in Shreveport, Louisiana. Each of these locations also have lower overall tax structure than Michigan and have given the company competitive incentive proposals.

OTHER STATE AND LOCAL ASSISTANCE

The City of Auburn Hills and the City of Detroit are both supportive of this project. Both cities have indicated that they would provide property tax abatements under PA 198 of 1974 for this project. HUMMER plans to make their final location decision by October 31, 2009, and local support will be finalized at that time.

RECOMMENDATION

Based on the factors described above, the Michigan Economic Development Corporation recommends a 100 percent employment tax credit for 10 years for up to 300 net new employees in excess of the company's established base of 0 including the look-back period as described below.

- The lookback period is defined as 90 days prior to the execution of the MEGA Credit Agreement or the date in which the definitive sale documents are signed between General Motors Company and Sichuan Tenzhong, the parent of HUMMER, LLC, whichever is shorter.