




MICHIGAN ECONOMIC DEVELOPMENT CORPORATION

MEMORANDUM

300 N. WASHINGTON SQ.
LANSING, MI 48913

CUSTOMER
CONTACT CENTER
517 373-9808

WWW.MICHIGAN.ORG

DATE: December 20, 2005
TO: Michigan Economic Growth Authority
FROM: James Donaldson, Vice President
Michigan Business Development 
SUBJECT: Briefing Memo – Hyundai America Technical Center, Inc.
High-Technology Credit

EXECUTIVE COMMITTEE
MATTHEW P. CULLEN
Chair
General Motors

PHILIP H. POWER
Vice-Chair
HCN, Inc.

JAMES C. EPOLITO
President & CEO

RICHARD E. BLOUSE JR., CCE
Detroit Regional Chamber

JOHN W. BROWN
Stryker Corporation

DR. DAVID E. COLE
Center for
Automotive Research

JOANN CRARY
Saginaw Future Inc.

DR. HAIFA FAKHOURI
Arab American and
Chaldean Council

STEVEN K. HAMP
The Henry Ford

HAYDEN H. HARRIS
EDF Ventures

PAUL HILLEGONDS
DTE Energy Company

DAVID C. HOLLISTER
Michigan Department of
Labor & Economic Growth

GEORGE JACKSON JR.
Detroit Economic Growth
Corporation

MICHAEL J. JANDERNOA
Bridge Street Capital
Partners, LLC.

MAYOR ROBERT B. JONES
City of Kalamazoo

BIRGIT M. KLOHS
The Right Place, Inc.

DR. IRVIN D. REID
Wayne State University

RICHARD SHOEMAKER
UAW International

S. MARTIN TAYLOR
Detroit Renaissance

SARY TORGOW
Sterling Group

PETER S. WALTERS
Guardian Industries Corp.

COMPANY NAME AND ADDRESS:

Hyundai America Technical Center, Inc.
6800 Geddes Road
Superior Township, Michigan 48198

HISTORY OF COMPANY:

Hyundai America Technical Center was established in 1986 and is a wholly owned subsidiary of Hyundai Motor Company of Korea. The company conducts emissions testing, engineering, research, development and design for Hyundai and Kia automobiles. Hyundai Motor Company was established in 1967 and is South Korea's leading carmaker. Hyundai America Technical Center was awarded a MEGA in September 2003 for a new engineering center in Superior Township. That project celebrated a grand opening this past October and Hyundai currently has 116 employees at the site.

PROJECT DESCRIPTION:

Hyundai is considering an expansion of their current engineering center in Superior Township. The current engineering center opened this past October and will eventually create 400 new jobs and include \$117 million of investment. The expansion being proposed will lead to a new design center, including a design studio, dyno-lab, evaluation road, climatic chamber and anechoic chamber. The project would lead to the construction of three buildings in a campus style setting, totaling 150,000 to 200,000 square feet. Hyundai would add 129 new jobs in the first year of the project and 600 new jobs over five years, paying an average weekly wage of \$1,350. These jobs would be in addition to the 400 added for the initial MEGA project.



Briefing Memo
Hyundai America Technical Center, Inc.
December 20, 2005
Page Two

Capital investment for the project would total \$94 million, including \$54 million for land, site preparation and building costs and \$40 million for new machinery, test equipment and furniture and fixtures. Construction on the facility would begin in the summer of 2006.

BENEFIT TO STATE:

According to the economic analysis done by the University of Michigan, we estimate this facility will generate a total of 1,014 jobs in the state by the year 2026. Total state government revenues through the year 2026, net of MEGA costs and adjusted for inflation, would be increased by \$103.5 million (2005 dollars) due to the presence of this facility.

BUSINESS CASE:

Hyundai America Technical Center has the option of locating this expansion near its manufacturing facility in Alabama. Alabama has aggressively recruited this project offering numerous incentives, including free land and site preparation, property tax abatement, and tax credits, including the Investment Tax Credit. In addition, the company found that wage rates were about eight percent higher in Michigan, leading to a wage differential of more than \$4 million a year when the project is fully staffed.

OTHER STATE AND LOCAL ASSISTANCE:

Superior Township has proposed a 50 percent PA 198 tax abatement for the new real and personal property related to this project for 12 years. The estimated value of this abatement is \$12.1 million. Final tax abatement approval is expected on January 3, 2006.

RECOMMENDATION:

The Michigan Economic Development Corporation recommends a 100 percent high-technology employment credit for 20 years, for up to 600 net new jobs. The company will not be allowed to count jobs for this credit until there are 400 qualified new jobs for the initial MEGA Tax Credit approved in 2003.