

MEMORANDUM

Date: September 14, 2010

To: Michigan Economic Growth Authority

From: Kenneth Murdoch, Project Specialist
Packaging Team

Subject: Briefing Memo –JAC Products Inc
Standard MEGA Credit

COMPANY NAME

JAC Products Inc
225 South Industrial Drive
Saline, Michigan 48176

HISTORY OF COMPANY

JAC Products Inc was incorporated in Michigan in 1967. The company is a Tier 1 manufacturer of functional exterior trim (roof racks, step rails, cargo management, rocker panels, etc.) for the automotive industry. The company has also expanded into the alternative energy business focused on a branded line of solar racking products as well as lithium ion battery components.

The company currently has 412 employees in Michigan.

PROJECT DESCRIPTION

JAC Products is currently in the process of designing and developing 11 new roof rack/trim systems for 7 different OEM's (Toyota, Ford, Chrysler, Nissan, Subaru, Honda and Hyundai). These products will be launched from their City of Saline and Shelby Township facilities.

The project will require an additional 120,000 square foot of manufacturing space. The company will be expanding their City of Saline facility as well as leasing additional space adjacent to this facility.

The company plans to invest approximately \$6.7 million and create 87 jobs over the next five years, with 55 jobs projected in year one, as a result of this project. The average weekly wage for the newly created jobs is anticipated to be \$611. The company also offers healthcare benefits, and plans to pay a portion of the benefit cost.

The effect on other Michigan businesses in the same industry was taken into consideration when recommending the amount and length of this tax credit.

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 204 jobs in the state by the year 2015. Total state government revenues through the year 2015, net of MEGA costs, would be increased by \$3,217,030 (current dollars) due to the presence of this facility.

BUSINESS CASE

The company also considered sourcing this new work out of their Franklin, Georgia facility. They indicated that labor rates are approximately \$4.00 per hour higher in Michigan, and lease rates on the additional floor space were \$2.00 per square foot higher in Michigan.

OTHER STATE AND LOCAL ASSISTANCE

The City of Saline is supportive of this project and anticipates approval of at least a 5 year P.A. 198. The approximate value of this abatement is \$561,250.

RECOMMENDATION

Based on the factors described above, the Michigan Economic Development Corporation recommends a 75 percent standard employment tax credit for 5 years for up to 87 net new employees in excess of the company's established base of 412.