



MICHIGAN ECONOMIC DEVELOPMENT CORPORATION

MEMORANDUM

Date: April 14, 2009
To: Michigan Economic Growth Authority
From: Amy Deprez, Packaging Team Manager
Portfolio Management & Packaging
Marcia Gebarowski, Project Specialist
Portfolio Management & Packaging
Subject: Briefing Memo – JBautotech LLC
High Technology MEGA Credit

COMPANY NAME

JBautotech LLC
31097 Schoolcraft Rd
Livonia, MI 48150

HISTORY OF COMPANY

JBautotech LLC is a Michigan grown company that is in the business of designing and manufacturing specialty machines and equipment. JBautotech has the engineering skills and capabilities to take a customer's needs from a rough sketch to a prototype build and even mass production of a machine specifically built to the needs and desires of the customer.

The company currently has 18 full-time employees in Michigan.

PROJECT DESCRIPTION

The company would like to create a new business division that would incorporate internal combustion engine development and testing into the JBautotech umbrella of services. This division would focus on the development of advanced technologies for the reduction of fuel consumption, exhaust emissions and warranty dollars for OEM and engine producing companies. This project would involve moving into a bigger facility in Livonia to accommodate the anticipated growth.

JBautotech will invest approximately \$970,000 and create 29 jobs over the next five years as a result of this project. The average weekly wage for the newly created jobs will be \$1,144. 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 56 jobs in the state by the year 2015. Total state government revenues through the year 2015, net of MEGA costs, would be increased by \$962,430 (current dollars) due to the presence of this facility.

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BUSINESS CASE

The company would not be able to expand into this new division without state incentives in order to remain competitive in their bidding of new and larger projects against their out of state and foreign counterparts.

OTHER STATE AND LOCAL ASSISTANCE

The City of Livonia plans to support this project by offering a PA 198 property tax abatement. The value of the abatement is not known at this time.

QUALIFYING HIGH-TECHNOLOGY ACTIVITY

The company is a qualified high-technology business, whose primary business activity is Engineering or Laboratory Testing, as defined in the Act.

RECOMMENDATION

Based on the factors described above, the Michigan Economic Development Corporation recommends a 100 percent high-technology employment tax credit for seven years for up to 29 net new employees in excess of the company's established base of 18.