



## MEMORANDUM

**Date:** February 14, 2011  
**To:** Michigan Economic Growth Authority  
**From:** Joshua Hundt, Senior Regional Project Manager  
**Subject:** Briefing Memo – Johnson Controls APS Production, Inc. Voucher Incentive

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### COMPANY NAME

Johnson Controls APS Production, Inc.  
5757 N. Greenbay Avenue  
Milwaukee, Wisconsin 53209

### LEGISLATION BACKGROUND

Public Act 292 of 2011 amended Sections 434 (5) and 500 (7) of the Michigan Business Tax Act (PA 36 of 2007) as follows:

- Allows a taxpayer to elect to file separately from its unitary business group for purposes of collecting its certificated advanced battery credit in the MBT, if that taxpayer meets certain requirements.
- Caps the amount of the advanced battery credit under Section 434(5) of the Michigan Business Tax Act at \$75 million, a \$25 million reduction from the original \$100 million credit, if the taxpayer makes this election. The credit has to be taken over three years.
- Requires the taxpayer to forgo its MEGA and battery pack credits if it makes the election to file in this manner, resulting in a savings of \$51 million to the State of Michigan over the life of the credits.
- Allows the taxpayer that elects to make this election to be issued a voucher which may be submitted to the Michigan Department of Treasury separate from its tax filing in order to receive the value of the credit prior to its tax filing.
- Requires the taxpayer to create 400 new jobs as part of the project, a 100 job increase over the original requirement of 300 new jobs.

### COMPANY BACKGROUND

On October 27, 2009, by Resolution 2009-168, the Michigan Economic Growth Authority awarded a Battery Pack Manufacturing Tax Credit (Pack Credit) to Johnson Controls-Saft APS, LLC, which was a joint venture between Johnson Controls and Saft APS.

Also on October 27, 2009, the company was awarded a Battery Cell Manufacturing Tax Credit (Cell Credit), Resolution 2009-170; on August 18, 2009, the company was awarded a High-Tech MEGA, Resolution 2009-140, and both were related to the same project under the joint venture.

Since 2009, the company has changed their business structure. The new structure includes the dissolution of the joint venture between Johnson Controls and Saft APS Production. However, the new company, Johnson Controls APS Production, Inc., retains the current FEIN for the Pack Credit, Cell Manufacturing credit and High-Tech MEGA.

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The company is continuing investment at its cell manufacturing integrative cell manufacturing operation that develops and produces anode and cathodes, and manufactures battery cells and packs in the City of Holland, Ottawa County. The company plans to create at least 400 jobs related to the project.

**RECOMMENDATION**

The MEDC recommends approval for authorization of a voucher incentive of up to \$75,000,000 over three years, capped at \$25,000,000 per year for JCI APS, subject to the following:

- The company must create at least 75 jobs in year one, at least 150 cumulative jobs in year two, at least 225 cumulative jobs in year three.
- The company must create, and maintain for at least thirty days, 400 jobs by December 31, 2018.
- The company must set aside its Plug-in Battery Pack Credit authorized by MEGA on October 27, 2009, its High-Tech credit authorized by MEGA on August 18, 2009.
- The voucher incentive authorized under PA 292 of 2011 will replace the company's Cell Manufacturing Credit Authorized by MEGA on October 27, 2009.