



MICHIGAN ECONOMIC DEVELOPMENT CORPORATION

MEMORANDUM

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DATE: July 13, 2004  
TO: Michigan Economic Growth Authority  
FROM: James Donaldson, Vice President  
Michigan Business Development  
SUBJECT: Briefing Memo – Lacks Enterprises Inc.  
Standard Credit

COMPANY NAME AND ADDRESS:

Lacks Enterprises Inc.  
5460 Cascade Road  
Grand Rapids, Michigan 49546

HISTORY OF COMPANY:

Lacks Enterprises, Inc. is a privately owned global manufacturer. The company is a leading supplier to the automotive, telecommunications and consumer electronics markets. Founded in 1961, Lacks employs 1,744 in the state.

The company is comprised of three distinct business operations: Lacks Wheel Trim Systems, Inc., a Tier I full-service supplier of automotive wheel components and systems; Lacks Trim Systems, a provider of complex, highly decorated components and systems for the exterior and interior automotive trim market; and Plastic-Plate, Inc., specialists in plastic molding, plating, painting and shielding for the telecommunications and consumer electronics industries.

PROJECT DESCRIPTION:

Lacks is proposing expansions of its operations in the City of Kentwood. The expansions will be undertaken in five phases with investment totaling \$51 million, and creating 424 jobs over the first five years of operations. The project will result in the construction of a new plating facility, new distribution center, new molding facility, and additions to molding and assembly operations.

Phase I will require the investment of \$17.5 million, and will create 182 jobs. Phase I will be completed in the summer of 2005, with operations beginning in August of 2005.

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**BENEFIT TO STATE:**

According to the economic analysis done by the University of Michigan utilizing Regional Economic Models, Inc. software, we estimate that this facility will create a total of 816 jobs in the state by the year 2011. We also estimate that the project would create total state government revenues through the year 2011, net of MEGA cost and adjusted for inflation, of \$14.5 million (2004 dollars) due to the location of this facility.

**BUT FOR:**

The company is also considering Elkhart, Indiana and Fountain Inn, South Carolina for this project. Indiana is offering an incentive package that includes the EDGE and Hoosier Business credit and training assistance. After considering these incentives, costs in Indiana are \$1mm lower per year than in Michigan.

**OTHER STATE AND LOCAL ASSISTANCE:**

The City of Kentwood is expected to approve a 50 percent abatement of the company's new real and personal property taxes for at their July xx, 2004 city council meeting. It is expected that taxes on new real property will be abated for 12 years, and new personal property for 8 years. Over twelve years, this tax abatement has an estimated value of \$1.2 million for Phase I, and \$4.3 million for all phases of the project.

**RECOMMENDATION:**

The Michigan Economic Development Corporation recommends a 100 percent employment tax credit for 6 years, for up to 424 net new employees.