

## MEMORANDUM

**Date:** April 19, 2011

**To:** Michigan Economic Growth Authority

**From:** Joshua Hundt, Senior Project Specialist  
Packaging Team

**Subject:** Briefing Memo – Magna Electronics Technology, Inc.  
Standard MEGA Credit

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### COMPANY NAME

Magna Electronics Technology, Inc.  
10410 N. Holly Road  
Holly, Michigan 48442

### HISTORY OF COMPANY

Magna Electronics Technology, Inc. is a wholly owned operating unit of Magna International. The company provides innovative electronic systems through manufacturing facilities and engineering divisions located around the world. Magna Electronics Technology, Inc. utilizes its global footprint, innovative component designs, deep automotive systems knowledge, and high-quality high-volume assembly facilities to meet future vehicle system needs.

Magna International, Inc. and subsidiaries claim to be the most diversified automotive supplier in the world. Magna International, Inc. and subsidiaries design, develop, and manufacture technologically advanced automotive systems, assemblies, modules and components, and engineers and assembles complete vehicles, primarily for sale to original equipment manufacturers of cars and light trucks.

Magna International, Inc. and subsidiaries has over thirty locations and approximately 6,600 employees in the State of Michigan. Magna Electronics Technology, Inc. has 293 employees in Michigan at facilities in Grand Blanc Township, Genesee County and the City of Troy, Oakland County.

### PROJECT DESCRIPTION

The proposed project is based on a new National Highway Transportation Safety Administration initiative directing that back-up camera technology be standard equipment in passenger vehicles by 2014. As a result of this initiative Magna Electronics, Inc. will increase its manufacturing capacity of its back-up camera technology to meet the anticipated increase in demand. The company is planning to increase the size of its present facility in Grand Blanc Township, Genesee County by 35,000 square feet.

The company plans to invest approximately \$64.8 million, of which \$2.4 million is lease costs, and create 385 jobs over the next five years, with 24 jobs projected in year 1, as a result of this project. The average weekly wage for the newly created jobs is anticipated to be \$697. 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 1,309 jobs in the state by the year 2015. Total state government revenues through the year 2015, net of MEGA costs, would be increased by \$11.7 million (current dollars) due to the presence of this facility.

**BUSINESS CASE**

The company also considered alternative sites in Ohio, Canada, and Mexico for this project. Magna Electronics Technology, Inc. cited lower wages in Mexico and the Canadian research and development tax credit as two factors causing a competitive disadvantage for the Michigan location.

**OTHER STATE AND LOCAL ASSISTANCE**

Grand Blanc Township is supportive of this project and anticipates approval of a property tax abatement under Public Act 198 of 1974 for a period of up to five years. The anticipated value of this abatement is \$1.5 million.

**RECOMMENDATION**

Based on the factors described above, the Michigan Economic Development Corporation recommends a 100 percent standard employment tax credit for 5 years for up to 385 net new employees in excess of the company's established base of 293.