

MEMORANDUM

Date: July 21, 2009

To: Michigan Economic Growth Authority

From: Amy Deprez, Manager
Packaging Team

Joshua Hundt , Project Specialist
Packaging Team

Subject: Briefing Memo – Magna Seating of America, Inc.
Standard MEGA Credit

COMPANY NAME

Magna Seating of America, Inc.
39600 Lewis Drive
Novi, Michigan 48377

HISTORY OF COMPANY

Magna Seating of America, Inc. is a Tier 1 automotive supplier of full seating systems and seating hardware systems. The company's capabilities include full concept development, design and engineering, testing and validation, and world class manufacturing operations. The company has operations in North America, Europe, and Asia.

Magna Seating of America, Inc currently has 280 employees in Michigan.

PROJECT DESCRIPTION

The proposed project is a multi-product production facility in the City of Highland Park in Wayne County that will manufacture full seating systems for customers located in southeast Michigan. The proposed facility is a new building that will require significant investment by Magna Seating of America, Inc. to ensure that all amenities required for a world class manufacturing operation are provided.

The potential project will result in the creation of 420 new jobs over the next five years paying an average weekly wage of \$579 and would include capital investment of approximately \$18 million. The company will also offer healthcare benefits and pay a portion of the benefit costs.

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 _____ jobs in the state by the year 20____. Total state government revenues through the year 20____, net of MEGA costs, would be increased by \$_____ (current dollars) due to the presence of this facility.

BUSINESS CASE

Magna Seating of America, Inc. is also considering Windsor, Ontario, Canada for this project. The company could utilize an existing building that is currently vacant, which would require less investment from the company than the location in Highland Park. In addition, the parent company of Magna Seating of America, Inc. is a Canadian based company and would prefer the project take place at the Windsor location.

OTHER STATE AND LOCAL ASSISTANCE

The City of Highland Park plans to support this project by offering personal property tax abatement under PA 328. The estimated value of this incentive is \$1,581,656.

RECOMMENDATION

Based on the factors described above, the Michigan Economic Development Corporation Recommends a 100 percent standard employment tax credit for seven years, for up to 420 new jobs, in addition to the statewide employment base of 322.