

**MICHIGAN ECONOMIC DEVELOPMENT CORPORATION**

**MEMORANDUM**

**DATE:** March 14, 2006  
**TO:** Michigan Economic Growth Authority  
**FROM:** Jim Donaldson, Vice President  
Business Development  
**SUBJECT:** Briefing Memo – Marisa Industries  
Standard MEGA Credit

**COMPANY NAME AND ADDRESS:**

Marisa Industries  
24400 Sherwood Avenue  
Center Line, Michigan 48015

**HISTORY OF COMPANY:**

Marisa Industries, Inc is the parent company of BAE, Industries, Inc. These two companies came together via a merger in 1998. Marisa's business involved the contracting of employees to the OEM sector for engineering services. BAE's business involved supplying the automotive business with commodity metal stampings. Their principal products include seating mechanisms and latching components. Since the merger Marisa Industries, Inc has evolved into a full service supplier to the automotive industry, from supplying metal stampings, assemblies and mechanisms to the expertise of full program management.

**PROJECT DESCRIPTION:**

Marisa is proposing to lease an existing facility to handle contract work newly awarded by Lear. The product they have been contracted to build is a seat folding mechanism for the jump seat in pick up trucks. The program was sourced very late first, because the original supplier filed for bankruptcy and second, because of huge design flaws. The company is also in negotiations with Lear to take on a second project that would again increase the investment and job creation. While only the first contract has been awarded, both projects were considered when determining where to locate the new facility. The initial project will lead to the creation 92 new jobs in the first year. The second project would create an additional 131 jobs over five years. The new positions for both projects will pay an average starting weekly wage of \$552.

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Total capital investment for these projects will be \$14.4 million, including \$7.2 million for equipment and \$7.2 million for the lease of an existing building.

**BENEFIT TO STATE:**

According to the economic analysis done by the Michigan Economic Development Corporation utilizing Regional Economic Models, Inc. software, we estimate this facility will generate a total of 372 jobs in the state by the year 2015. Total state government revenues through the year 2015, net of MEGA costs and adjusted for inflation, would be increased by \$6.9 million (2006 dollars) due to the presence of this facility.

**BUT FOR:**

The company is also considering locating the project in Bowling Green, Kentucky. The principle advantages include a less expensive building and real property taxes along with reduced utilities and unemployment costs. Kentucky is offering an incentive in the form of either a credit to be taken against the company's corporate income tax liability or a credit against its municipal tax liability on wages. Either of these incentives can be utilized over a period of ten years.

**OTHER STATE AND LOCAL ASSISTANCE:**

The City of Auburn Hills has proposed a 50 percent PA 198 tax abatement for the real and personal property related to this project for six years. The estimated value to the company in the first year is \$36,000. Final tax abatement approval is expected at their March 20<sup>th</sup> City Council meeting.

**RECOMMENDATION:**

The Michigan Economic Development Corporation recommends a 100 percent standard employment tax credit for 9 years, for up to 223 net new employees.