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## MEMORANDUM

**Date:** November 17, 2010

**To:** Michigan Economic Growth Authority

**From:** Marcia Gebarowski, Project Specialist  
Packaging Team

**Subject:** Briefing Memo – Montaplast of North America, Inc.  
High Technology MEGA Credit – High Wage

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### COMPANY NAME

Montaplast of North America, Inc.  
24901 Northwestern Highway, Suite 511  
Southfield, Michigan 48075

### HISTORY OF COMPANY

Montaplast is a global leader in providing technically challenging plastic injection molded products to the automotive industry. Montaplast has been in business for 60 years with locations in Europe, North America and Asia and has had a technical and engineering office in Michigan for the past 18 years. Montaplast North America is headquartered in Frankfort, Kentucky at their only production facility in the country.

The company currently has 28 employees in Michigan.

### PROJECT DESCRIPTION

Montaplast is planning to strengthen its brand as well as to grow its technical and R&D capabilities in North America. If the company chooses to grow in Michigan, they plan to purchase a larger facility in the City of Auburn Hills and relocate existing jobs from their leased space in Southfield into the new facility. The new facility will provide additional space needed for the growth of employment as well as more suitable R&D space to run specialized testing in.

The company plans to invest approximately \$2.3 million and create 25 jobs over the next five years, with five jobs projected in the first year, as a result of

this project. The average weekly wage for the newly created jobs is anticipated to be \$1,600. 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 50 jobs in the state by the year 2015. Total state government revenues through the year 2015, net of MEGA costs, would be increased by \$530,199 (current dollars) due to the presence of this facility.

### **BUSINESS CASE**

Montaplast had strongly considered consolidating the Michigan operations into their headquarters facility in Frankfort, Kentucky. This consolidation would have brought all design; development and research under one roof and eliminate redundancy between two locations. A full consolidation in Kentucky would also bring all technical staff closer to Montaplast's targeted growth customers including Nissan, Toyota and Hyundai. Additionally, it would not require the purchase of new real estate in Michigan, the Kentucky facility could accommodate the anticipated growth.

### **OTHER STATE AND LOCAL ASSISTANCE**

The City of Auburn Hills is supportive of this project and will consider a PA 198 on the investment of personal property related to this project.

### **QUALIFYING HIGH-TECHNOLOGY ACTIVITY**

The company is a qualified high wage business as the company's existing employees are paid more than 300% of the federal minimum wage and wages of the new employees will exceed 300% of the state minimum wage.

### **RECOMMENDATION**

Based on the factors described above, the Michigan Economic Development Corporation recommends a 100 percent high-technology (high-wage) employment tax credit for five years for up to 25 net new employees in excess of the company's established base of 28.