



# MICHIGAN ECONOMIC DEVELOPMENT CORPORATION

300 N. WASHINGTON SQ.  
LANSING, MI 48913

CUSTOMER ASSISTANCE  
517 373 9808

WWW.MICHIGAN.ORG

## MEMORANDUM

**DATE:** June 12, 2002

**TO:** Michigan Economic Growth Authority

**FROM:** James Donaldson, Vice President  
Michigan Business Development

**SUBJECT:** Briefing Memo – Nissan Technical Center North America, Inc.

### COMPANY NAME AND ADDRESS:

Nissan Technical Center North America, Inc.  
39001 Sunrise Drive  
Farmington Hills, Michigan 48333-9200

### HISTORY OF COMPANY:

Nissan Technical Center North America, Inc. (NTCNA), formerly Nissan Research & Development, Inc., is the North American automotive engineering, development, research and testing arm of Nissan Motor Company, Ltd., a Japanese corporation. NTCNA is a wholly owned subsidiary of Nissan North America, Inc., a California corporation, which is owned by Nissan Motor Company, Ltd. of Japan. Nissan, along with its partner Renault, is the fifth largest automaker in the world.

### PROJECT DESCRIPTION:

The proposed project at the Farmington Hills, Michigan technical center would allow Nissan to expand its engineering, research, development and testing capabilities within North America. The project will focus on high-value research, engineering and design services and computer simulation capabilities. The addition of staff and physical plant will allow NTCNA to participate to a far greater degree in the research and development of vehicles destined for North American production and sale, bringing additional jobs and expertise to the site. NTCNA is also seeking to become the worldwide center for crash simulation activities and other computer simulation needs for all of Nissan.

#### EXECUTIVE COMMITTEE

GOVERNOR JOHN ENGLER  
General Chair

MATTHEW P. CULLEN  
Chair

General Motors

PHILIP H. POWER

Vice-Chair  
HomeTown Communications  
Network

FACUNDO BRAVO

Uni Boring Co., Inc.

JOHN W. BROWN

Stryker Corporation

DR. DAVID E. COLE

Center for  
Automotive Research

JOANN CRARY

Saginaw Future Inc.

STEVEN K. HAMP

Henry Ford Museum &  
Greenfield Village

HAYDEN H. HARRIS

EDF Ventures

DEWITT J. HENRY

Wayne County

PAUL HILLEGONDS

Detroit Renaissance

MAYOR DAVID HOLLISTER

City of Lansing

MICHAEL J. JANDERNOA

Perrigo Company

BIRGIT M. KLOHS

The Right Place Program

DR. IRVIN D. REID

Wayne State University

S. MARTIN TAYLOR

DTE Energy Company

PETER S. WALTERS

Guardian Industries  
Corporation

#### PRESIDENT & CEO

DOUG ROTHWELL

Briefing Memo  
Nissan Technical Center North America, Inc.  
June 12, 2002  
Page Two

Capital expenditures are estimated at \$38.4 million, including \$3.3 million for land, \$25.8 million for building additions and improvements and \$9.3 million in machinery and equipment. The company estimates creating 386 net new jobs at the expanded facility, paying an average weekly wage of \$1,145 (\$60,000 yearly). Construction of the expansion would begin in June 2002 and be complete in November 2003. Operations would begin immediately upon completion.

**BENEFIT TO STATE:**

According to the economic analysis done by the University of Michigan, we estimate this facility will generate a total of 866 jobs in the state by the year 2019. Total state government revenues through the year 2019, net of MEGA costs and adjusted for inflation, would be increased by \$52 million (2002 dollars) due to the presence of this facility.

**BUT FOR:**

The other location being considered for this expansion is at the Nissan worldwide technical headquarters in Atsugi, Japan. Nissan Motor Company, Ltd. recently purchased a former university campus just 10 miles from the headquarters for expansion purposes. Nissan Technical Center North America investigated the cost considerations of putting this expansion in both locations and discovered that, in addition to the added costs of land and building acquisition associated with putting the expansion in Michigan, an annual wage differential of approximately ten percent exists.

In order for the Farmington Hills technical center to win this project, some of this cost gap must be closed through provision of an aggressive incentive package.

**OTHER STATE AND LOCAL ASSISTANCE:**

Due to the type and level of investments being proposed, the company may be eligible for an Investment Tax Credit of up to \$246,000.

The City of Farmington Hills, on May 20, approved a 50 percent abatement of the company's new personal property for six years and qualified renovations

Briefing Memo  
Nissan Technical Center North America, Inc.  
June 12, 2002  
Page Three

to the facility for six years. The estimated value of both of these local abatements is \$2,000,000.

**RECOMMENDATION:**

The Michigan Economic Development Corporation recommends an employment tax credit of 100 percent for 17 years for up to 386 net new employees. In addition, due to the need for the company to begin hiring key engineering staff as soon as possible, the 120-day look back provision of the legislation will be invoked.