



MICHIGAN ECONOMIC DEVELOPMENT CORPORATION

MEMORANDUM

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ASSISTANCE CENTER
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DATE: July 15, 2008
TO: Michigan Economic Growth Authority
FROM: Val Hoag, Director
Portfolio Management & Packaging *UHA*
Joshua Hundt, Project Specialist
Portfolio Management & Packaging
SUBJECT: Briefing Memo – Perrigo Company
Standard MEGA Credit

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COMPANY NAME AND ADDRESS:

Perrigo Company
515 Eastern Avenue
Allegan, MI 49010

HISTORY OF COMPANY:

Perrigo Company, established in 1887, is a leading global supplier, developer, and manufacturer of over-the-counter and prescription pharmaceuticals, nutritional products, active pharmaceutical ingredients, and consumer products. The company is the largest manufacturer of over-the-counter pharmaceuticals for the store brand market. Perrigo Company's largest markets are the United States, Israel, Mexico, and the United Kingdom.

Perrigo Company currently has 2,569 employees in Michigan.

PROJECT DESCRIPTION:

The proposed project will consist of a 30,000 square foot headquarter expansion, and a 20,000 square foot plant expansion in two of the company's facilities in Allegan, Michigan. The office expansion will provide space for offices, conference rooms, wellness center, and additional space for future growth. Construction on the project is expected to be completed in early 2010.

This project will result in the creation of 99 new jobs in year one and 400 new jobs over the next five years with an average weekly wage of \$881. The company will also offer healthcare benefits, and pay a portion of the benefit costs. The overall capital investment for this project is \$10.5 million.

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 1,039 jobs in the state by the year 2020. Total state government revenues through the year 2020, net of MEGA costs and adjusted for inflation, would be increased by \$29 million (2008 dollars) due to the presence of this expansion.

BUSINESS CASE:

The major competing location for this project was the New York City area where it currently has operations. The New York area provides an employment base with significant pharmaceutical backgrounds. The company has an existing favorable lease with the New York Port Authority and this space can accommodate future growth. The State of New York also offered an incentive package to bring the project to New York.

STATE AND LOCAL ASSISTANCE:

The City of Allegan is supporting this project for Perrigo Company and anticipates approval of a real and personal property tax abatement for 12 years under PA 198 of 1974. The abatement has an estimated value of \$1,424,000.

RECOMMENDATION:

Based on the factors described above, the Michigan Economic Development Corporation Recommends a 100 percent standard employment tax credit for 12 years, for up to 400 new jobs.