



MICHIGAN ECONOMIC DEVELOPMENT CORPORATION

MEMORANDUM

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DATE: September 16, 2003

TO: Michigan Economic Growth Authority

FROM: James Donaldson, Vice President
Michigan Business Development

SUBJECT: Briefing Memo – Pilkington North America
Standard Credit

COMPANY NAME AND ADDRESS:

Pilkington North America
11700 Tecumseh-Clinton Road
Clinton, MI 49236

HISTORY OF COMPANY:

Pilkington North America (PNA) was formerly known as Libbey-Owens-Ford Co. (LOF). LOF was formed in 1930 by the merger of Libbey-Owens Sheet Glass Company and Edward Ford Plate Glass Company as a manufacturer of glass supplying the automotive industry. Today PNA is owned by Pilkington Holdings Inc., which is a wholly owned subsidiary of Pilkington plc, based in the United Kingdom. PNA is engaged in the manufacture, fabrication, sale, and distribution of glass primarily for the automotive and architectural markets.

PROJECT DESCRIPTION:

PNA Clinton manufactures value-added automotive glass, which includes hardware attachment and RIM encapsulation of fabricated automotive glass. Currently six products that require hardware attachment are produced in PNA's Shelbyville, Indiana facility. The proposed project would transfer these products to Clinton, Michigan in an effort to consolidate value-added operations.

If PNA selects Michigan, the project is expected to result in the creation of up to 81 jobs over the first five years with an average weekly wage of \$396. PNA will invest approximately \$3.2 million to move \$1.2 million of equipment from Indiana to Michigan, build inventory before the transition, and train new employees.

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BENEFIT TO STATE:

According to the economic analysis done by the University of Michigan utilizing Regional Economic Models, Inc. software, we estimate that this facility will generate a total of 252 jobs in the state by the year 2013. Total state government revenues through the year 2013, net of MEGA costs and adjusted for inflation, would be increased by \$6.9 million (2003 dollars) due to the presence of this facility.

BUT FOR:

As part of the company's decision-making process, PNA compared the costs of moving the production to Clinton versus keeping it at their facility in Indiana. Moving the project to Michigan reduces labor and benefits costs, but also creates additional freight expense. This differential is estimated to be at least \$100,000 per year once the project is fully staffed.

OTHER STATE AND LOCAL ASSISTANCE:

The Village of Clinton approved a 50 percent abatement of the company's new personal property taxes for 12 years at their September 3, 2003 city council meeting. This tax abatement has an estimated value of \$90,000.

RECOMMENDATION:

The Michigan Economic Development Corporation recommends a 100 percent employment tax credit for 5 years for up to 81 net new employees, followed by a 50 percent employment tax credit for the next 5 years for up to 120 net new employees.