

MEMORANDUM

Date: August 17, 2010

To: Michigan Economic Growth Authority

From: Robert Wilson, Project Specialist
Packaging Team

Subject: Briefing Memo – Premier Tool and Die Cast Corporation
High Technology MEGA Credit

COMPANY NAME

Premier Tool and Die Cast Corporation
886 North Tudor Road
Berrien Springs, Michigan 49103

HISTORY OF COMPANY

Premier Tool & Die Cast Corporation was founded in 1963 by 7 individuals in a 31,000 sq. ft. facility in Berrien Springs, Michigan. It began by producing Zinc and Aluminum die castings for a small but selective customer base. It has since grown to 156,000 sq. ft. at the original site and now includes 3 other facilities, two in Michigan and one in New York. The customer base has expanded to over 60 companies with worldwide distribution of products to industries including automotive, appliances, furniture, transportation, electronics, and defense. Some of their customers include General Motors, Ford, Toyota, Whirlpool, Maytag, Herman Miller, Steel Case, MTD, Case New Holland, Mack, Cisco, and Lockheed Martin.

Premier Tool & Die Cast was awarded a standard MEGA tax credit in 2008 for a different project in the City of Dowagiac.

The company currently has 239 employees in Michigan.

PROJECT DESCRIPTION

The company plans to establish a new Zinc and Aluminum die cast and assembly operation at 101 Poplar Street in the City of Dowagiac. The project will rehabilitate a vacant deteriorating building and will include transferred work from their New York location.

The company plans to invest approximately \$3,237,000 and create 100 jobs over the next five years, with 73 jobs projected in year 1, as a result of this project. The average weekly wage for the newly created jobs is anticipated to be \$645. 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 179 jobs in the state by the year 2015. Total state government revenues through the year 2015, net of MEGA costs, would be increased by \$2,024,773 (current dollars) due to the presence of this facility.

BUSINESS CASE

Premier Tool and Die Cast Corporation evaluated the proposed investment relative to a site in New York, where they currently have a facility and excess capacity. In addition to the facility costs, a Michigan location would require the company to pay to move machinery and equipment from New York to Michigan, and incur higher wage and benefit costs for labor.

OTHER STATE AND LOCAL ASSISTANCE

The City of Dowagiac is supportive of this project and plans to consider property tax abatement through P.A. 198 of 1974 for up to 12 years. The City estimates the value of this abatement to be up to \$4 million.

QUALIFYING HIGH-TECHNOLOGY ACTIVITY

The company is a qualified high-technology business, whose primary business activity is Tool and Die Manufacturing, as defined in the Act.

The company is not qualifying with the 10 percent research and development requirement.

RECOMMENDATION

Based on the factors described above, the Michigan Economic Development Corporation recommends a 100 percent high-technology employment tax credit for 5 years for up to 100 net new employees in excess of the company's established base of 239.