



MEMORANDUM

Date: October 18, 2011
To: Michigan Economic Growth Authority
From: Marcia Gebarowski, Project Specialist
Packaging Team
Subject: Briefing Memo – priceline.com Incorporated
Standard MEGA Credit

COMPANY NAME

priceline.com Incorporated
4147 Eastern Avenue
Wyoming, Michigan 49508

HISTORY OF COMPANY

priceline.com Incorporated is a leading online travel company that offers customers a broad range of travel services, including airline tickets, hotel rooms, car rentals, vacation packages, cruises and destination services. In the United States, priceline.com offers a unique choice: the ability to purchase travel services in a traditional, price-disclosed manner or the opportunity to use the unique “Name Your Own Price” service, which allows customers to make offers for travel services at discounted prices. Internationally, priceline.com offers customers hotel room reservations in over 60 countries and 22 languages.

In 1998 the priceline.com brand was launched in the United States and has since been expanded to include, among others, Booking.com and Active Hotels in Europe and Agoda in Asia. The company’s goal is to be the leading worldwide online hotel reservation service and top online discount travel agent in the United States.

The company currently has 396 employees in Michigan.

PROJECT DESCRIPTION

In 2008, priceline.com established a call center for Booking.com at an existing facility in Wyoming, Michigan. The call center was an expansion of existing global operations including a sales office located in Manhattan, New York and a sales and service office located in San Francisco, California. The company received a seven year MEGA credit for this project.

As a result of market strategy and global growth, the company must expand beyond the scope of the initial project. priceline.com plans to create a training center for the Americas as well as grow the headcount in the Wyoming facility which currently operates 24/7.

The company plans to invest approximately \$ 300,000, none of which are lease costs, and create 562 jobs over the next five years, with 59 jobs projected in year 1, as a result of this project. The average weekly wage for the newly created jobs is anticipated to be \$417. The company also offers premium-based

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healthcare benefits, and plans to pay a portion of the benefit cost. All employees are eligible for shift premiums, second language premiums as well as annual bonuses of up to 12% of their pay. These additional earnings were not calculated into the average weekly wage for this project.

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 760 jobs in the state by the year 2016. Total state government revenues through the year 2016, net of MEGA costs, would be increased by \$5,116,616 (current dollars) due to the presence of this facility.

BUSINESS CASE

The company is in full operations at their facility in Wyoming. The company fears they have exhausted their talent pool in the region and ability to recruit the needed languages for the center. Additionally, the company must consider placing a facility in the western time zone to draw from a differently diverse talent pool and to offset shift premiums by operating in multiple time zones.

OTHER STATE AND LOCAL ASSISTANCE

The City of Wyoming approved a ten year PA 328 property tax abatement for the company's project in 2008. The district will allow abatement of all new personal property attributed to this project as well which will increase the value of the abatement by approximately \$23,000.

RECOMMENDATION

Based on the factors described above, the Michigan Economic Development Corporation recommends a 100 percent standard employment tax credit for three years for up to 562 net new employees in excess of the company's established base of 424.