



MEMORANDUM

300 N. WASHINGTON SQ.
LANSING, MI 48913

CUSTOMER
ASSISTANCE CENTER
517 373 9808

WWW.MICHIGAN.ORG

DATE: June 17, 2008
TO: Michigan Economic Growth Authority
FROM: Val Hoag, Director
Portfolio Management & Packaging *VH*
SUBJECT: Briefing Memo – priceline.com Incorporated
Standard MEGA Credit

COMPANY NAME:

priceline.com Incorporated
800 Connecticut Avenue
Norwalk, Connecticut 06854

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.

PROJECT DESCRIPTION:

Priceline.com intends to establish a call center for Booking.com at an existing facility in Wyoming, Michigan. The call center is an expansion of existing global operations including a sales office located in Manhattan, NY and a sales and service office located in San Francisco, CA. The call center will hire and train agents to assist travelers and hotels with any questions, modifications or changes to existing reservations.

The proposed project would create a total of 424 jobs over the next five years, paying an average weekly wage of \$609. The company will also offer health care benefits and pay a portion of the benefit costs. In addition, priceline.com will invest approximately \$7.7 million in leasehold improvements and computer equipment.

EXECUTIVE COMMITTEE

MATTHEW P. CULLEN
Chair
General Motors Corporation

PHILIP H. POWER
Vice-Chair
The Center for Michigan

JAMES C. EPOLITO
President and CEO

RICHARD E. BLOUSE JR., CCE
Detroit Regional Chamber

JOHN W. BROWN
Stryker Corporation

DR. DAVID E. COLE
Center for
Automotive Research

KEITH W. COOLEY
Michigan Department of
Labor & Economic Growth

JOANN CRARY
Saginaw Future Inc.

DR. HAIFA FAKHOURI
Arab American and
Chaldean Council

STEVEN K. HAMP
Hamp Advisors, LLC

HAYDEN H. HARRIS
EDF Ventures

PAUL HILLEGONDS
DTE Energy Company

FREDERICK W. HOFFMAN
Chrysler, LLC

GEORGE W. JACKSON JR.
Detroit Economic
Growth Corporation

MICHAEL J. JANDERNOA
Bridge Street Capital
Partners, LLC.

BIRGIT M. KLOHS
The Right Place, Inc.

F. THOMAS LEWAND
Bodman LLP

DR. IRVIN D. REID
Wayne State University

MICHAEL B. STAEBLER
Pepper Hamilton LLP

DENNIS R. TOFFOLO
Oakland County

PETER S. WALTERS
Guardian Industries Corp.

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 610 jobs in the state by the year 2015. Total state government revenues through the year 2015, net of MEGA costs and adjusted for inflation, would be increased by \$7.7 million (2008 dollars) due to the presence of this facility.

BUSINESS CASE:

Competition for the project is an offer, received by the company, from Columbus, GA. Columbus has offered to provide 7 acres of land, bond funding, housing for the call center while the new building is being built, tax incentives and training funds for a total incentive package of approximately \$11 million. The gap between Michigan and Georgia comes from the difference in wages.

OTHER STATE AND LOCAL ASSISTANCE:

The City of Wyoming will be providing a P.A. 328 for a period of seven years. The total value of this incentive is estimated to be \$1.1 million.

In addition, the MEDC will be offering the company a \$200,000 Economic Development Job Training Grant. The funds will be disbursed over the course of the next two fiscal years in increments of \$100,000 each.

RECOMMENDATION:

Based on the factors described above, the Michigan Economic Development Corporation recommends a 100 percent standard employment tax credit for seven years, for up to 424 net new employees. This recommendation is contingent upon: 1) priceline.com entering into a seven-year lease for the facility; and 2) the City of Wyoming approving a seven-year P.A. 328.