



MICHIGAN ECONOMIC DEVELOPMENT CORPORATION

MEMORANDUM

DATE: December 17, 2002
TO: Michigan Economic Growth Authority
FROM: Kathy Blake, Senior Vice President Business Development *KB*
SUBJECT: Briefing Memo – Robert Bosch Corporation Standard Credit

COMPANY NAME AND ADDRESS:

Robert Bosch Corporation
2800 South 25th Avenue
Broadview, IL 60155

HISTORY OF COMPANY:

Robert Bosch Corporation is a manufacturer and distributor of component parts and systems to the automobile industry. The company's major product lines are fuel injection technology and management systems for combustion engines, brakes and systems for active and passive vehicle safety, electrical starters, alternators, and motors and products for mobile communications.

Robert Bosch began operations in Stuttgart, Germany in 1886. The company currently has operations in 50 countries across the world, and employs 220,000. There are nine Bosch operations in Michigan, currently employing 4,322 persons.

PROJECT DESCRIPTION:

Robert Bosch Corporation is considering relocating its U.S. headquarters, research and development, and prototype development operations from the Chicago suburbs to Plymouth Township. As an alternative to the Plymouth Township site, Bosch is also considering an expansion on Bosch owned land in Anderson, South Carolina, adjacent to an existing Bosch facility.

If Robert Bosch selects Michigan for the project, the company will construct a 240,000 square foot facility consisting of offices, testing labs and research and development facilities.

The project is expected to result in the creation of approximately 700 jobs over the first five years with an average weekly wage of \$1,403.

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Briefing Memo
Robert Bosch Corporation
December 17, 2002
Page Two

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 1,125 jobs in the state by the year 2022. Total state government revenues through the year 2022, net of MEGA costs and adjusted for inflation, would be increased by \$88 million (2002 dollars) due to the presence of this facility.

BUT FOR:

As part of the company decision-making process, Robert Bosch compared the costs of the project in Plymouth Township and Anderson, South Carolina. In Michigan, the company faces higher land acquisition, construction and labor costs. Additionally, the state of South Carolina has offered a rich incentive package and favorable tax environment that cannot be matched in Michigan. These cost differences add approximately \$60 million to the project budget.

OTHER STATE AND LOCAL ASSISTANCE:

The State of Michigan will offer an abatement of 100 percent of the six-mill State Education Tax for a length of time to match the local property tax abatement. The value of this abatement is estimated at \$1,518,916.

The Plymouth Township Board will be voting on a 50 percent abatement of the company's new real and personal property taxes for twelve years on December 17, 2002. The Plymouth Township tax abatement has an estimated value of \$4.8 million.

RECOMMENDATION:

The Michigan Economic Development Corporation recommends a 100 percent employment tax credit for 17 years and a 100 percent business activity credit for 4 years, for up to 700 net new employees.