



MICHIGAN ECONOMIC DEVELOPMENT CORPORATION

MEMORANDUM

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DATE: June 15, 2004
TO: Michigan Economic Growth Authority
FROM: James Donaldson, Vice President
Michigan Business Development
SUBJECT: Briefing Memo – Spartan Motors Chassis, Inc.
Standard Credit

COMPANY NAME AND ADDRESS:

Spartan Motors Chassis, Inc.
1165 Reynolds Road
Charlotte, Michigan 48813

HISTORY OF COMPANY:

Spartan Motors Chassis manufactures custom chassis for motorhomes, fire trucks and specialty vehicles. End-users of the company's products recognize and request the Spartan brand, which consistently delivers superior performance, exceptional safety ratings and technological innovations that distinguish the company from its competitors. The company is perceived by the community as an excellent place to work and takes pride in its contributions to the community.

Spartan Motors Chassis is located in Charlotte, Michigan, and has grown to be the largest employer in the community. The company's parent, Spartan Motors, is also located in Charlotte and currently employs a total of 438 in the state, all located in Charlotte.

PROJECT DESCRIPTION:

Spartan Motors Chassis has recently received orders that will increase its motor home chassis production by over 60%. In addition, its fire truck chassis business is on track to grow 20%. The company is proposing an expansion of its Charlotte plant, which will require a capital investment of \$7.3 million. The new line would begin production in late 2005.

The company would add 200 new positions in the first year of the project and up to 415 new positions by the fifth year of the project. These new positions would pay an average weekly wage of \$706.



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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 create a total of 1,056 jobs in the state by the year 2014. We also estimate that the project would create total state government revenues through the year 2014, net of MEGA cost and adjusted for inflation, of \$42.0 million (2004 dollars) due to the location of this facility.

BUT FOR:

The company is contemplating where it will locate additional chassis production facilities to support this growth. The options are to expand the facilities in Charlotte, Michigan in Eaton County or locate to a new facility elsewhere. The Company is considering Kentucky as an alternate site for chassis production, as the customers driving the increase in sales are primarily located in Indiana. Due to higher labor costs in Michigan, the company expects to spend an additional \$4 million per year in Michigan versus Kentucky.

OTHER STATE AND LOCAL ASSISTANCE:

The City of Charlotte is expected to approve a 50 percent abatement of the company's new real and personal property taxes for twelve years at their June 14, 2004 city council meeting. This tax abatement has an estimated value of \$881,000.

RECOMMENDATION:

The Michigan Economic Development Corporation recommends a 100 percent employment tax credit for 10 years, for up to 415 net new employees.