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**MEMORANDUM**

**DATE:** May 18, 2004  
**TO:** Michigan Economic Growth Authority  
**FROM:** Jim Donaldson, Vice President  
Business Development  
**SUBJECT:** Briefing Memo – TG North America Corporation  
High-Technology Credit

**COMPANY NAME AND ADDRESS:**

TG North America Corporation  
1095 Crooks Road  
Troy, Michigan 48084

**HISTORY OF COMPANY:**

TG North America Corporation (TGNA) is primarily involved in the automotive industry as a first tier automotive supplier, supplying, among other items, safety and fuel systems and interior and exterior parts. The company is also involved with the development of Light Emitting Diode (LED) technology, a technology with high growth potential that has applications in both the automotive and non-automotive sectors.

TGNA in Troy serves as the North American headquarters for its parent company, Toyoda Gosei Co., Ltd., also primarily involved in the automotive industry. As headquarters for North American operations, TGNA conducts research, development, and engineering activities to meet its customers' technical product needs and performs administrative functions for all 13 of its North American manufacturing facility affiliates.

**PROJECT DESCRIPTION:**

TGNA and its parent, Toyoda Gosei, have aggressive growth plans for the near term and long term future. These plans include an expansion of TGNA's research, development, and engineering activities as well as administrative functions. To meet these needs, TGNA is considering relocating from its facility in Troy to another location in Troy, doubling the size of its current facility.

If the company expands in Troy, they will lease an existing building and invest approximately \$3.5 million in building improvements, computer hardware and related software, and furniture and fixtures. The expansion would create 50 new jobs in the first year of the project and up to 200 new jobs over the first five years. The new positions will pay an average weekly wage of \$1,459.



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**BENEFIT TO STATE:**

According to the economic analysis done by the Michigan Economic Development Corporation utilizing Regional Economic Models, Inc. software, we estimate this facility will generate a total of 393 jobs in the state by the year 2013. Total state government revenues through the year 2013, net of MEGA costs and adjusted for inflation, would be increased by \$10.1 million (2004 dollars) due to the presence of this facility.

**BUSINESS CASE:**

TGNA is also considering a site in Kentucky, which would provide closer access to two of their manufacturing plants. The State of Kentucky provided incentives for the development of their production plants, and has indicated their willingness to provide incentives to TGNA for this relocation and expansion in Kentucky.

Although TGNA desires to relocate in the City of Troy, Kentucky's lower business costs and tax incentives make the State of Kentucky an attractive site to both TGNA and its parent. Operating costs in Michigan are expected to be \$3 million higher than in Kentucky, which will be only partially bridged by this incentive.

**OTHER STATE AND LOCAL ASSISTANCE:**

The City of Troy has approved development of a new corporate park adjacent to the project site. The city will lease the property from its current owner, develop it as a park at the cost of \$57,000, and will take the property off of the tax rolls for ten years, at an expected cost per year of \$7,000.

**RECOMMENDATION:**

The Michigan Economic Development Corporation recommends a 100 percent employment tax credit for ten years, for up to 200 net new employees.