

MEMORANDUM

Date: February 25, 2010

To: Michigan Economic Growth Authority

From: Amy Deprez, Manager
Packaging Team

Joshua Hundt, Project Specialist
Packaging Team

Subject: Briefing Memo – TSC Michigan Inc.
High-Technology MEGA Credit

COMPANY NAME

TSC Michigan Inc.
47050 Five Mile Road
Northville, Michigan 48168

HISTORY OF COMPANY

TSC Michigan Inc. (TSC) is a wholly owned subsidiary of Techno SemiChem Corp., Ltd, which is based in South Korea. Techno SemiChem Corp., Ltd is a publicly traded company on the KOSDAQ exchange in Korea.

The company has had operations for 23 years and specializes in the research and development of specialized chemical products and advanced electronic materials. TSC has been on the cutting edge in the research and development of highly specialized electrolyte, one of the key components of the new generation batteries being produced for use in hybrid and electric vehicles.

TSC currently has no operations in Michigan.

PROJECT DESCRIPTION

TCS plans to locate its new North American headquarters in Northville Township, Wayne County. The company plans to conduct research and development, and pilot production efforts to produce electrolyte for advanced lithium ion battery cells at this facility.

TSC plans to invest approximately \$31.1 million and create 279 jobs over the next five years as a result of this project. The average weekly wage for the newly created jobs is expected to be \$1,078. The company also offers healthcare benefits, and plans to pay a portion of the benefit cost.

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 1,673 jobs in the state by the year 2016. Total state government revenues through the year 2016, net of MEGA costs, would be increased by \$31 million (current dollars) due to the presence of this facility.

BUSINESS CASE

As opposed to locating in Michigan, TSC is considering expanding its operations in South Korea. The company cited lower wages in Korea and will not have to incur as high of start-up costs if they were to expand in Korea.

The MEGA Tax Credit, in part, is being used to reduce these competitive disadvantages.

OTHER STATE AND LOCAL ASSISTANCE

Northville Township is supportive of this project and plans to approve a property tax abatement under PA 198 of 1974. The value of this credit is not known at this time.

QUALIFYING HIGH-TECHNOLOGY ACTIVITY

The company is a qualified high-technology business, whose primary business activity is Advanced Automotive, Manufacturing, and Materials Technology, as defined in the Act.

RECOMMENDATION

Based on the factors described above, the Michigan Economic Development Corporation recommends a 100 percent high-technology employment tax credit for 7 years for up to 279 net new employees in excess of the company's established base of 0.