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## MEMORANDUM

**Date:** November 17, 2010

**To:** Michigan Economic Growth Authority

**From:** Robert Wilson, Project Specialist  
Packaging Team

**Subject:** Briefing Memo – Toyota Boshoku America, Inc.  
High Technology MEGA Credit

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### COMPANY NAME

Toyota Boshoku America, Inc  
28000 West Park Drive  
Novi, Michigan 48236

### HISTORY OF COMPANY

Toyota Boshoku Corporation, Toyota Boshoku America's parent company, started out as a textile (loom) company in 1918. In 2004, three companies in Japan - Araco, Takanichi and Toyoda Boshoku - were merged into the new Toyota Boshoku Corporation.

As part of Toyota Boshoku Corporation, Toyota Boshoku America, Inc. manufactures automotive interior systems which include seats, trim covers, door trim and panels, headliner sub-stratas, carpets, fabrics, straps and round recliners in addition to air and oil filters and power train systems for a variety of customers such as Toyota Motor Corporation and General Motors. Toyota Boshoku America, Inc.'s corporate office is located in Erlanger, Kentucky and their Technical Center is located in Novi, Michigan. The company currently has 136 employees in Michigan.

### PROJECT DESCRIPTION

Toyota Boshoku America, Inc. plans to consolidate and expand their prototype operations to a new facility in the City of Novi, Oakland County. The current Toyota Boshoku America, Inc. location in Novi will remain open to provide other services for the company.

The company plans to invest approximately \$3.2 million and create 40 jobs over the next five years, with 12 jobs projected in year 1, as a result of this project. The average weekly wage for the newly created jobs is anticipated to be \$965. 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 75 jobs in the state by the year 2016. Total state government revenues through the year 2016, net of MEGA costs, would be increased by \$912,264 (current dollars) due to the presence of this facility.

### **BUSINESS CASE**

Toyota Boshoku America, Inc. evaluated the proposed investment relative to a site in Harrodsburg, Kentucky where they identified competitive disadvantage of the Michigan site related to the proximity of the facility to their manufacturing facilities, headquarters and Production Engineering department. The MEGA tax credit will help in part to offset the disadvantages associated with a Novi, Michigan location.

### **OTHER STATE AND LOCAL ASSISTANCE**

The City of Novi is supportive of this project, has paid the \$5,000 MEGA application fee and anticipates approving a discounted water tap in fee for up to \$9,000 for the project.

### **QUALIFYING HIGH-TECHNOLOGY ACTIVITY**

The company is a qualified high-technology business, whose primary business activity is Engineering or Laboratory Testing, as defined in the Act.

The company has certified that at least 10 percent of its total operating expenses are related to research and development.

### **RECOMMENDATION**

Based on the factors described above, the Michigan Economic Development Corporation recommends a 75 percent high-technology employment tax credit for 5 years for up to 40 net new employees in excess of the company's established base of 142.