

# MEMORANDUM

**Date:** October 26, 2010

**To:** Michigan Economic Growth Authority

**From:** Kenneth Murdoch, Project Specialist  
Packaging Team

**Subject:** Briefing Memo –Yanfeng USA Automotive Trim Systems, Inc.  
Standard MEGA Credit

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## COMPANY NAME

Yanfeng USA Automotive Trim Systems, Inc.  
14275 Frazho Road  
Warren, Michigan 48089

## HISTORY OF COMPANY

Yanfeng USA Automotive Trim Systems has been operating their facility in Warren, Michigan since May of 2010, which is the company's first North American facility. The company is engaged in the manufacturing, welding, and assembling automotive components and providing delivery services for U.S. Main Auto OEM's. The main business of the company includes door panel manufacturing, assembly and sequencing delivery for the Chrysler new Grand Cherokee series.

The company currently has 18 employees in Michigan.

## PROJECT DESCRIPTION

The company plans to expand its business and purchase a facility located in the Charter Township of Harrison, Macomb County. The company expects its annual revenues to increase from \$70 million to \$150-200 million as they secure additional automotive interior work from their existing customers, Chrysler and GM, and as they secure work from other automotive OEM's.

The company plans to invest approximately \$17 million and create 131 jobs over the next five years, with 52 jobs projected in year one as a result of this project. The average weekly wage for the newly created jobs is anticipated to be \$629. 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 466 jobs in the state by the year 2017. Total state government revenues through the year 2017, net of MEGA costs, would be increased by \$10.5 million (current dollars) due to the presence of this facility.

### **BUSINESS CASE**

The company considered a potential location in Kansas, which is much closer to their primary customer's facility. This would greatly reduce transportation costs and response time to customer requests.

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

The Charter Township of Harrison is planning to offer a 12-year P.A. 198. The estimated value of the abatement is \$497,000.

### **RECOMMENDATION**

Based on the factors described above, the Michigan Economic Development Corporation recommends a 75 percent standard employment tax credit for seven years for up to 131 net new employees in excess of the company's established base of 18.