



MICHIGAN ECONOMIC DEVELOPMENT CORPORATION

MEMORANDUM

DATE: December 14, 2004
TO: Michigan Economic Growth Authority
FROM: James Donaldson, Vice President
Michigan Business Development
SUBJECT: Briefing Memo - Affinia Group Inc.
Standard Credit

COMPANY NAME AND ADDRESS:

Affinia Group, Inc.
1796 Indianwood Circle
Maumee, OH 43537

HISTORY OF COMPANY:

On November 2, 2004, an agreement was finalized by which the Affinia Group, Inc., would acquire certain operating assets and existing corporate entities that comprised what was known as the "Dana Aftermarket Group". This group of companies manufactures, distributes and sells products that are primarily used in the automotive aftermarket, including various Brake System and Filtration applications. The company currently has 8 employees in Michigan.

PROJECT DESCRIPTION:

The company is considering a headquarter location in Pittsfield Township. The headquarter operations will provide administrative support for the decentralized operations of the Affinia Group. The support will include management oversight, accounting, treasury, information technology, sales and procurement. The company anticipates capital investment of \$4.3 million to equip, renovate, and lease an existing building, and expects to create a total of 100 jobs over five years paying an average weekly wage of \$1,372.

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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 that this facility will create a total of 145 jobs in the state by the year 2015. We also estimate that the project would create total state government revenues through the year 2015, net of MEGA cost and adjusted for inflation, of \$3.7 million (2004 dollars) due to the location of this facility.

BUSINESS CASE:

Affinia Group, Inc., is considering locations in Pittsfield Township and Maumee, Ohio for this new headquarters location. When comparing the two locations, the company estimates that taxes after Ohio incentives are significantly lower than in Michigan. The tax differential would save the company up to \$2.5 million in the first five years of operations.

OTHER STATE AND LOCAL ASSISTANCE:

The Washtenaw Development Council will sponsor a job fair for the company valued at \$9000. Because Affinia Group, Inc., does not have any manufacturing operations in the state, they do not qualify for a local tax abatement.

RECOMMENDATION:

The Michigan Economic Development Corporation recommends a 50 percent standard employment tax credit for ten years, and a 100 percent standard business activity tax credit for four years for up to 100 net new employees.