



MICHIGAN ECONOMIC DEVELOPMENT CORPORATION

MEMORANDUM

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DATE: August 19, 2008  
TO: Michigan Economic Growth Authority  
FROM: Val Hoag, Director  
Portfolio Management & Packaging  
Greg West, Project Specialist  
Business Development and Attraction 

SUBJECT: Briefing Memo – Aisin Technical Center of America, Inc.  
High-Technology MEGA Credit

COMPANY NAME:

Aisin Technical Center of America, Inc.  
46501 Commerce Center Drive  
Plymouth, Michigan 48170

HISTORY OF COMPANY:

Aisin is the sixth largest automotive supplier in the world, with annual sales in excess of \$20 billion and North American sales of over \$3 billion. Aisin was created by the merger of Shinkawa Kogno and Aichi Kogno in 1965, and builds a full range of automotive parts and components. The company's product line includes drive train, body, engine, chassis and electronic components. Major customers in the Americas include Toyota, General Motors and Chrysler.

Aisin first established facilities in Michigan in the mid-1980s and now maintains seven companies here, including the newly created, Aisin Technical Center of America, Inc. (ATC-A).

The Aisin Group currently employs 694 people in Michigan.

PROJECT DESCRIPTION:

This project is a 40,000 to 50,000 square foot expansion of an existing facility in Plymouth, Wayne County, that will designate ATC-A as Aisin's primary North American technical center. ATC-A will provide design and development services to North American customers. These services include original design of parts and components based on customer requirements, updating and revising parts based on customer requirements, developing electronic parts drawings and the testing of parts. Total investment over five years will be approximately \$8.63 million. This project creates 82 new jobs with an average weekly wage of \$1,272. The company will also offer health care benefits and pay a portion of the benefit costs.

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#### **BENEFITS 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 create a total of 301 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 \$5.1 million (2008 dollars) due to the creation of these new jobs.

#### **BUSINESS CASE:**

Alternatively, the company has considered various locations including sites in Ohio, Indiana and California, with Seymour, Indiana being the biggest competition for this expansion. One of the most significant disadvantages is that it will cost ATC-A more to operate in Plymouth than in Seymour, Indiana, with both labor and tax costs being significantly higher. Since Aisin already has facilities in Seymour, and has established a working relationship with that community for the last 20 years, Seymour could represent a very attractive alternative to Plymouth given this significant disparity in operating cost. Although Plymouth, Michigan is the preferred location, ATC-A will consider other U.S. locations that provide an opportunity to provide excellent services to its customers.

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

Plymouth Township supports the ATC-A project and anticipates the approval of a tax abatement under PA 198. There is a Township Board of Trustee meeting August 19, 2008, to set a date for a public hearing and they anticipate that the public hearing will be on the September 23, 2008, meeting agenda for approval.

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

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

#### **RECOMMENDATION:**

Based on the factors described above, the Michigan Economic Development Corporation recommends a 100 percent employment tax credit for seven years, for up to 82 net new employees, subject to the following:

- The company must create a minimum of 82 jobs, over the employment base of 290, by the end of the fifth year of operations. Failure to create the 82 jobs by the end of year five will void the remaining two years of the tax credit.