



MICHIGAN ECONOMIC DEVELOPMENT CORPORATION

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MEMORANDUM

DATE: September 18, 2007

TO: Michigan Economic Growth Authority

FROM: Mark Morante, Vice President
Development Finance

Toni Brownfield, Project Manager
Development Finance

SUBJECT: Briefing Memo – Credit Acceptance Corporation
Standard Credit

COMPANY NAME AND ADDRESS:

Credit Acceptance Corporation
25505 West Twelve Mile Road
Southfield, Michigan, 48034

HISTORY OF COMPANY:

Since 1972, Credit Acceptance Corporation has provided auto loans to consumers, regardless of their credit history. The company's product is offered through a nationwide network of automobile dealers who benefit by selling vehicles to consumers who otherwise could not obtain financing, by repeat and referral sales generated by these same customers, and from sales to customers responding to advertisements for the company's product, but who actually end up qualifying for traditional financing. Credit Acceptance currently employs 549 associates in Michigan.

PROJECT DESCRIPTION:

Credit Acceptance Corporation is undertaking the creation of an additional loan servicing facility due to the continued growth of its underlying business. The company is considering a significant reconfiguration and renovation of a portion its existing Southfield headquarters. In addition, the annexation of an additional 30,000 square feet within the existing building that is currently leased to third parties will be necessary in order to expand its operations. If additional space is required beyond what is available at the headquarters facility, the Company is prepared to seek incremental space within the City of Southfield.

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The initial capital investment expected to be made to renovate and reconfigure the building is expected to be approximately \$3.8 million. To support Credit Acceptance Corporation's growth, the company will hire up to 506 associates over the next five years, paying an average weekly wage of \$788.

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 1,108 jobs in the state by the year 2015. It is also estimated that the project would increase total state government revenues through the year 2015, net of MEGA cost and adjusted for inflation, by \$19.7 million (2007 dollars) due to the expansion of this operation.

BUT FOR:

Credit Acceptance Corporation is considering opening a satellite office in South Atlanta, Georgia, where they could locate the new loan service center. When comparing the Michigan and Georgia locations, the company estimates that wage rates in Georgia are significantly lower.

OTHER STATE AND LOCAL ASSISTANCE:

The City of Southfield has proposed and will consider a 100% abatement of the company's new personal property taxes under PA328 for three years at its October 9 council meeting. The estimated value of this abatement is \$144,000.

RECOMMENDATION:

The Michigan Economic Development Corporation recommends a 100 percent standard employment tax credit for seven years, for up to 506 net new employees.