

## **MEMORANDUM**

**DATE:** March 17, 2009

**TO:** Michigan Economic Growth Authority

**FROM:** Amy Deprez, Packaging Team Manager  
Portfolio Management & Packaging

Greg West, Project Specialist  
Portfolio Management & Packaging

**SUBJECT:** Briefing Memo – Emergency Technology, Inc. d/b/a SoundOff Signal  
High-Technology MEGA Credit

### **COMPANY NAME:**

Emergency Technology, Inc. d/b/a SoundOff Signal  
3900 Central Parkway  
Hudsonville, MI 49426

### **HISTORY OF COMPANY:**

For over 30 years, SoundOff Signal has offered innovative vehicle safety lighting products. The company is currently one of the industry leaders in police, school bus and commercial vehicle safety products. In 1996, SoundOff developed its first strategic alliance with overseas partners and by 1999 the company had formed additional partnerships in Asia and Europe. The company introduced the first LED (light emitting diodes) warning lights for American School Buses and in 2005 moved into a new 40,000 sq. foot facility. In December 2008, Soundoff Signal formed Hilux LED Solutions.

Hilux is a high technology electronic device company that develops sustainable LED lighting solutions. LED utilizes electronic device technology that emits visible light when electricity is applied.

Emergency Technology, Inc. d/b/a SoundOff Signal currently has 87 employees in Michigan.

### **PROJECT DESCRIPTION:**

For the project, Hilux will permanently locate and expand at SoundOff Signal's current facility in Jamestown Charter Township, Ottawa County. Hilux will focus on the research and development of non-vehicle LED based lighting, including outdoor lighting, office furniture based lighting, cold case lighting and LED lighting projects for companies looking to transition from traditional lighting based products to LED based products. LED's create a 40-50% reduction in energy use without producing wastes like the fluorescents that contain mercury.

This project will result in the creation of 100 direct new jobs with an average weekly wage of \$1,045. Total investment over five years will be approximately \$6.1 million. The company will also offer health care benefits and pay a portion of the benefit costs.

**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 generate a total of XXX jobs in the state by the year 20XX. Total state government revenues through the year 20XX, net of MEGA costs, would be increased by \$X.X million (current dollars) due to the presence of this expansion.

**BUSINESS CASE:**

SoundOff Signal is considering China as an alternate location for this project. SoundOff Signal/Hilux LED Solutions has prepared a cost comparison analysis to determine where its products can be produced with the highest profit margin, including the potential for overseas production with its Chinese business partner, Comnex. The competitive disadvantages of headquartering the engineering and manufacturing jobs in Michigan include the wage differentials for similar skills, turnaround in special tooling/capital costs associated with developing the tools, health benefit costs and cash flow constraints of a new enterprise.

**OTHER STATE AND LOCAL ASSISTANCE:**

Jamestown Charter Township supports the SoundOff Signal project and anticipates approval of a PA 198 tax abatement. The estimated value of the tax abatement is not known at this time.

The MEDC has also approved training funds for the project through its Economic Development Job Training program. The MEDC will provide an employee training grant of up to \$1,000 per job for the new jobs expected to be hired in the first year of the project. This training grant could be worth up to a maximum of \$25,000.

**QUALIFYING HIGH-TECHNOLOGY ACTIVITY:**

Emergency Technology, Inc., dba SoundOff Signal is a qualified high-technology business, whose primary business activity is Electronic Device Technology, as defined in the Act.

**RECOMMENDATION:**

Based on the factors described above, the Michigan Economic Development Corporation recommends a 100 percent High Technology employment tax credit for seven years, for up to 100 net new employees over an established employment base of 87.