

MEMORANDUM

Date: March 16, 2010

To: Michigan Economic Growth Authority

From: Amy Deprez, Manager
Packaging Team

Joshua Hundt, Project Specialist
Packaging Team

Subject: Briefing Memo – Oshkosh Corporation
High-Technology MEGA Credit

COMPANY NAME

Oshkosh Corporation
5501 Enterprise Court, Suite 100
Warren, Michigan 48092

HISTORY OF COMPANY

Oshkosh Corporation is a leading manufacturer and marketer of access equipment, specialty vehicles, and truck bodies. The primary markets for these products are defense, concrete placement, refuse hauling, and fire and emergency.

The company has grown its revenue from \$1.3 billion in 2000 to \$7.1 billion in 2008 through a strategy of operational excellence, product innovation, and commercialization through acquisitions.

Oshkosh Corporation currently has 7 employees in Michigan.

PROJECT DESCRIPTION

Oshkosh plans to open a new state-of-the-art technical facility designed to provide advanced system technical support, and systems engineering for the US Army medium truck fleets. The new facility will be located in the City of Warren, Macomb County.

Oshkosh Corporation plans to invest approximately \$6.5 million and create 190 jobs over the next five years as a result of this project. The average weekly wage for the newly created jobs will be \$1,020. 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 390 jobs in the state by the year 2021. Total state government revenues through the year 2021, net of MEGA costs, would be increased by \$17.3 million (current dollars) due to the presence of this facility.

BUSINESS CASE

Oshkosh Corporation also considered locating this project in Wisconsin. The majority of the company's salaried defense employees are located in Wisconsin. Locating in Wisconsin would offer significant economies of scale for training and ramp-up costs.

OTHER STATE AND LOCAL ASSISTANCE

The City of Warren is supportive of this project and plans to approve a local property tax abatement. The value, terms and expected approval date of the abatement is not known at this time.

QUALIFYING HIGH-TECHNOLOGY ACTIVITY

The company is a qualified high-technology business, whose primary business activity is Homeland Security and Defense Technology, as defined in the Act.

The company is not qualifying with the 10 percent research and development requirement.

RECOMMENDATION

Based on the factors described above, the Michigan Economic Development Corporation recommends a 100 percent high-technology employment tax credit for 12 years for up to 190 net new employees in excess of the company's established base of 7.