



MICHIGAN ECONOMIC DEVELOPMENT CORPORATION

MEMORANDUM

Date: January 19, 2010
To: Michigan Economic Growth Authority
From: Amy Deprez, Manager
Packaging Team
Phil Santer, Project Specialist
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Subject: Briefing Memo - Tata Consultancy Services Ltd
Standard MEGA Credit

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COMPANY NAME

Tata Consultancy Services Ltd
101 Park Avenue
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HISTORY OF COMPANY

Tata Consultancy Services Ltd ("TCS") is a software services and consulting company based out of Mumbai, India. TCS started operations in the United States in 1968 and employs about 15,000 workers throughout the country. Their U.S. workforce provides consulting on information technology and other information technology services to clients in the banking, insurance, manufacturing, healthcare, telecommunications, and other industries. TCS is India's largest provider of information technology and business process outsourcing services.

TCS currently has 300 employees in Michigan.

PROJECT DESCRIPTION

TCS and its affiliates (including TCS, Tata America International Corp, CMC Americas, and TCS eServe America Inc.) are seeking to establish a Business Process Services center in the City of Midland, in Midland County. The Business Process Services center will provide core business services including finance consulting, order processing, information technology help, and other services to its client base.

TCS plans to invest approximately \$12.5 million and create up to 500 jobs in the initial phase of their Business Process Services center. In a subsequent phase, TCS plans to create 750 additional jobs in support of the project. The average weekly wage for the newly created jobs will be \$724. 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

Based on the economic analysis done by the Michigan Economic Development Corporation, it is estimated that this project will create approximately 1,250 jobs in Michigan and generate approximately \$1.2 billion in economic activity.

government revenues through the year 2022, net of MEGA costs, would be increased by \$73.7 million (current dollars) due to the presence of this facility.

BUSINESS CASE

TCS has an existing facility in Cincinnati, Ohio that has excess capacity, room for expansion, and which could house this project. In Michigan, TCS needs to develop new infrastructure and lease space to accommodate the number of employees for this project. A MEGA Tax Credit would make a Michigan location more attractive for this project.

OTHER STATE AND LOCAL ASSISTANCE

The City of Midland plans to offer a property tax abatement under Public Act 328 of 1998 in support of this project. The estimated value of this abatement is not known at this time.

RECOMMENDATION

Based on the factors described above, the Michigan Economic Development Corporation recommends a 100 percent standard employment tax credit for 10 years for up to 1,250 net new employees (500 new employees in the first phase and 750 additional employees in a subsequent phase) in excess of the company's established base of 300, provided that the company creates 500 Qualified New Jobs by the end of the seventh credit year, otherwise the remaining credit years will be forfeited.

A look-back period will be established as of November 2, 2009, or 90 days prior to the execution of the Credit Agreement, whichever is shorter. Employees hired after the establishment of the look-back period will count as qualified new jobs provided that they meet all the requirements outlined in the MEGA Credit Agreement.