



MICHIGAN ECONOMIC DEVELOPMENT CORPORATION

MEMORANDUM

300 N. WASHINGTON SQ.
LANSING, MI 48913

CUSTOMER
CONTACT CENTER
517 373 9808

WWW.MICHIGAN.ORG

DATE: April 19, 2005
TO: Michigan Economic Growth Authority
FROM: James Donaldson, Vice President
Michigan Business Development
SUBJECT: Briefing Memo – X-Rite, Incorporated, Standard Credit

COMPANY NAME AND ADDRESS:

X-Rite, Incorporated
3100 44th Street SW
Grandville, Michigan

HISTORY OF COMPANY:

Founded in 1958, X-Rite's products and services generated \$126.2 million in revenue in fiscal 2004. X-Rite helps companies grow more profitable by providing hardware, software and support solutions that ensure color accuracy and data communication when color output is critical to business. The Company's worldwide customer base crosses a variety of markets such as graphic arts, printing, packaging, digital and on-demand printing, manufacturing, and retail color matching. X-Rite products include the MatchRite color measurement system, the new Pocket Palette for Benjamin Moore, the 500 and 939 series SpectroDensitometers. X-Rite provides a variety of products that measure and track color data; leading customers to more efficient and profitable solutions in managing their businesses and markets.

PROJECT DESCRIPTION:

X-Rite's current headquarters campus is land-locked and is unsuitable to meet the expansion plans and long-term growth projections for the company. The company is considering sites in Kentwood and Charlotte, NC.

If the company chooses Kentwood, it will renovate an existing building. Total cost of building and improvements is approximately \$25 Million. X-Rite expects to spend approximately \$4 million for machinery and equipment per year for the first five years. Capital investment will be approximately \$44.5 million.

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X-Rite employs 416 persons in the Grand Rapids area and proposes to hire an additional 316 employees in the next five years. Average weekly wage for qualified new employees will be \$1,489. Construction will begin in summer 2005 with operations commencing in the new facility by spring 2007.

BENEFIT TO STATE:

According to the economic analysis done by the University of Michigan, we estimate that this facility will create a total of 313 jobs in the state by the year 2011. We also estimate that the project would create total state government revenues through the year 2020, net of MEGA cost and adjusted for inflation, of \$30.6 million (2005 dollars) due to the location of this facility.

BUT FOR:

X-Rite performed a comprehensive analysis of potential sites. The focus was narrowed to Kentwood and two sites in North Carolina. The company found that sites in North Carolina offered significant incentives to attract the company. In addition, there is a wage differential between Kentwood and the Charlotte, North Carolina area of at least 5 percent, potentially increasing company costs further for a location in Michigan.

OTHER STATE AND LOCAL ASSISTANCE:

The City of Kentwood approved a 12 year tax abatement for real and personal property on March 15, 2005. This abatement is estimated to be \$2.3 million over the term of the abatement. The State is offering a 50 percent abatement of the six-mill state education tax, worth up to \$350,000 for a term to match the local abatement. In addition, Michigan is also offering training funds of up to \$1 million for a total of 736 existing and new workers. An additional \$500,000 is offered to offset the cost of recruitment of workers to Michigan.

RECOMMENDATION:

The Michigan Economic Development Corporation recommends a 14-year employment tax credit of 100 percent for up to 316 net new employees.