



MEMORANDUM

Date: December 13, 2011

To: Michigan Economic Growth Authority

From: Phil Santer, Regional Project Manager
Packaging Team

Subject: Briefing Memo – Suniva, Inc.
High Technology MEGA Credit & Photovoltaic Michigan Business Tax Credit

COMPANY NAME

Suniva, Inc.
5775 Peachtree Industrial Blvd.
Norcross, Georgia 30092
www.Suniva.com

HISTORY OF COMPANY

Suniva, Inc. (“Suniva” or “the company”) manufactures high-efficient photovoltaic solar cells and modules. Suniva was founded in 2007 by Dr. Ajeet Rohatgi at the Georgia Institute of Technology’s University Center of Excellence in Photovoltaics, a designated Center of Excellence by the U.S. Department of Energy. The company has exclusive rights to over 40 patents (granted and pending).

The company does not have any employees in Michigan.

PROJECT DESCRIPTION

This project involves the location of “Suniva’s ARTisun Select Project,” which will manufacture solar cells with efficiency rates of 18-20% and higher in Thomas Township (Saginaw County). The company utilizes an efficient manufacturing process to achieve a low cost-per-watt and would implement this process in its new location. In addition, this site would also sell modules powered by their ARTisun solar cells.

The company plans to invest approximately \$250 million and create up to 500 jobs over five years as a result of this project. The company’s proposed start date for the project is fall 2013. The average weekly wage for the newly created jobs is anticipated to be \$923. The effect on other Michigan businesses in the same industry was taken into consideration when recommending the amount and length of this tax credit.

PHOTOVOLTAIC MICHIGAN BUSINESS TAX CREDIT

In September 2009, the Legislature approved the Photovoltaic Michigan Business Tax (MBT) credit in an effort to develop the photovoltaic solar industry in Michigan (MCL 208.1430). The MEGA Board approved this credit for Suniva in October 2009; however, a credit agreement was not executed for this incentive.

The Photovoltaic MBT credit provides a refundable tax credit equal to 25% of the capital investments made by a “Qualified Taxpayer” or by one “Eligible Taxpayer.” To qualify for the credit, the taxpayer

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must construct and operate a new facility that develops and manufactures photovoltaic technology, photovoltaic systems, or photovoltaic energy. In addition, qualified companies must agree to create a certain number of jobs and make a significant capital investment. Companies that receive the credit must make at least \$25 million in capital investment prior to receiving a credit certificate.

Suniva, Inc. qualifies as a Qualified Taxpayer as defined in the Act. The project meets the following criteria to qualify for the credit:

- Suniva, Inc. plans to construct and operate a facility involved in “photovoltaic technology.” According to the statute, “photovoltaic technology” includes photovoltaic cells and modules used to convert sun directly into electricity.
- Suniva, Inc. plans to create at least 500 qualified new jobs, in excess of its established based of zero employees.
- Suniva, Inc. plans to invest at least \$50 million in qualified capital investment, of which \$25 million shall be made prior to the issuance of the tax credit certificate.

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 3,229 jobs in the state by the year 2020. Total state government revenues through the year 2020, net of MEGA costs, would be increased by \$88.6 million (current dollars) due to the presence of this facility.

BUSINESS CASE

Suniva’s product has global applications and could place this facility in numerous locations around the world and within the United States. Specifically, the company considered Georgia (where its headquarters are located), Tennessee, New Mexico and Oregon for this facility. The incentives offered by the local community and MEDC had a direct effect on the location decision to place this facility in Thomas Township, Michigan.

OTHER STATE AND LOCAL ASSISTANCE

The MEDC has defined its support for the project in the form of a commitment letter with following proposed incentives.

- Renewable Energy Renaissance Zone - The property taxes savings are estimated at over \$45 million for a 15-year Renaissance Zone designation. A request for designation will be made to the Michigan Strategic Fund Board at a later time.
- A \$10 million Community Development Block Grant has been granted to help develop their designated site into a “shovel-ready” condition. This request has been considered by the Michigan Strategic Fund Board.
- Saginaw County has offered a \$500,000 loan from their CDBG revolving Loan Fund. This request will be considered by the local community.

QUALIFYING HIGH-TECHNOLOGY ACTIVITY

The company is a qualified high-technology business, whose primary business activity is Alternative Energy Technology, as defined in the Act. The company has certified that at least 10 percent of its total operating expenses are related to research and development.

RECOMMENDATION

To secure this project in Michigan for a planned start-date of 2013, the Michigan Economic Development Corporation recommends a 200 percent high technology employment tax credit for credit years one through three and a 100 percent credit for credit years four through seven for up to 500 net new employees in excess of the company's established base of zero.

In addition, staff recommends reauthorizing the credit agreement for the Photovoltaic Michigan Business Tax credit.