

State moves aimed at car plant win?

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Fresh off the recent Mercedes-Benz' U.S. headquarters win, the state of Georgia is making a major push to land a factory from British auto giant Jaguar Land Rover, The Atlanta Journal-Constitution has learned. Ben Gray/bgray@ajc.com

Georgia economic development officials are angling for their biggest jobs recruitment deal in nearly a decade, and Gov. Nathan Deal is flexing his political muscle to help land the prospect.

The governor's mid-year budget proposal pumps tens of millions of new dollars into grant programs the state uses to seal deals with corporate prospects. He's also backing legislation that could steer more state business to automakers with Georgia factories.



Last week, the governor told a key farmers group their resistance last year to his still-pending plan to alter an independent state environmental agency could have jeopardized “the largest economic development project in the state since 2006.”

That was the same year Georgia landed one of its biggest ever coups — the Kia Motors plant and thousands of manufacturing jobs.

Is all this a sign that the state is going after a trophy project?

“If I was a betting man, I’d say: ‘Yes they are,’” said John Boyd, a corporate site selection expert with the Boyd Co. in New Jersey.

The moves are some of the most aggressive Deal has made to lure economic development prospects to Georgia.

They follow Deal’s recent trip abroad to meet with executives of U.K.-based Jaguar Land Rover — a manufacturing prospect that could demand a bounty of state and local incentives. The company has reportedly considered the U.S. for a plant to make 200,000 vehicles a year, though last week a newspaper in its home city reported that Turkey or Austria may be favored candidates.

But Jaguar Land Rover might not be the only big fish. Two people with knowledge of the situation told The Atlanta Journal-Constitution another major manufacturer is in the late stages of deciding between Georgia and other sites for a major expansion. The people declined to name the company or its industry, citing the sensitivity of the talks.

Deal’s office has declined to comment on the potential deals.

Possible signs

Tucked away in the mid-year budget the governor signed into law on Friday to cover state spending until June is a major hint at something big. Deal has secured \$40 million for a pair of economic development grant programs used to sweeten the pot for key projects. Last year’s mid-year spending plan included about half that sum.

On Thursday, Deal spoke to the Georgia Farm Bureau and asked their support for a measure that would take away the independence of a state environmental agency. The agriculture group fiercely opposed a similar measure last year.

The proposal, outlined in his budget plan and upcoming legislation, would shift most of the funding and resources of the little known Soil and Water Conservation Commission to the Department of Agriculture and the Environmental Protection Division.

It comes as the commission rewrites regulations to keep runoff from construction and manufacturing sites from polluting streams and rivers. A lot of earth is moved in the development of factories.

Deal said “contradictory” environmental guidelines could lead to litigation and threaten major economic development deals.

“It’s bad policy. And it could risk the future of job growth in the state,” he said to the Farm Bureau. “We came very close to having the largest economic development project in the state since 2006 jeopardized because of that very thing.”

In a brief follow-up interview, the governor said problem was “avoided” — he and his office declined to elaborate — and the project remains pending.

Rolling the commission into the Agriculture department “would avoid any kind of possibility with that kind of interference with ongoing projects,” he said.

Neill Herring, a Sierra Club lobbyist, said the governor’s use of economic development as a “general threat” ratchets up the pressure on lawmakers.

“Who would want to be the stubborn fool who cost Georgia a big employer?” quipped Herring, whose organization [opposes the changes](#).

The governor is also pushing legislation that would allow state agencies to buy cars made in Georgia without competitive bids. Kia is Georgia’s only major auto manufacturer, but Deal’s spokesman made clear “it would encompass future Georgia-based car companies, too.”

Boyd, the site consultant, said states pursuing trophy recruits often review regulations or take other steps to create a competitive advantage or eliminate a perceived liability.

“Deal needs deep pockets to close (such a) deal, and it looks like he’s marshalling those resources now,” Boyd said.

Compared to Kia

Deal’s comments to the Farm Bureau echo ones he made in January 2012 to a gathering of the Georgia Press Association when he said the state was “in the final stages of negotiating what will hopefully be the largest business opportunity for the state of Georgia since Kia.”

A month later Athens landed a Caterpillar manufacturing plant and 1,400 promised jobs. That April, Baxter International announced a 1,500-job bioscience facility near Social Circle, east of Atlanta.

Manufacturing centers — auto plants in particular — are coveted for the jobs they create and the potential for thousands more at suppliers.

Incentives for Kia, which built a plant in West Point near the Alabama border, totaled more than \$195,000 per job in grants, tax breaks and other perks, according to an AJC analysis. Baxter International got an incentive package valued at more than \$140,000 per job when it picked the Social Circle area east of Atlanta for a new bioscience plant.

By comparison, Mercedes-Benz was offered a package totaling about \$28,750 per job for its recent U.S. headquarters move to Sandy Springs.

Critics say companies often pit jobs-hungry states against each other. That practice, they say, results in ever-growing incentives offers to companies that would likely expand for business reasons in a given region anyway.

The AJC recently reported, citing unnamed people with knowledge, that Deal and economic development chief Chris Carr met with Jaguar Land Rover representatives last month.

Jaguar Land Rover did not confirm its interest in Georgia, but said this month it “has ambitions to expand its international manufacturing footprint.” The company has no U.S. plants. Owned by Tata Motors of India, it makes Jaguar luxury cars and Land Rover SUVs.

U.S. automaking has shifted south for decades, thanks in no small part to lower business costs, a largely non-unionized workforce and generous incentives. A decision by the auto company could come within a few months, the people with knowledge said.