

Study: SC best place for manufacturing

By Bob Montgomery - Staff Writer - Jul 24, 2017

South Carolina is well-positioned to win the battle for jobs as the United States works to lure manufacturing companies from overseas, a new report says.

The Palmetto State ranks the lowest in the nation in annual operating costs for advanced manufacturing companies, while New Jersey is the most expensive, according to the report released Monday by The Boyd Company, a site selection firm.

The study compares the costs of labor, electricity and taxes of the 48 contiguous states to determine the annual cost for a company to operate. It is based on a hypothetical 225,000-square-foot advanced manufacturing plant with 500 workers.

In that scenario, South Carolina had the lowest annual operating costs at \$30.1 million, while New Jersey is the highest at \$39.8 million. By comparison, Connecticut's annual cost would be \$38.6 million; California, \$35.5 million; Ohio, \$34 million; and Kentucky, \$31 million.

Annual costs to operate

Study uses a hypothetical 225,000-square-foot advanced manufacturing plant with 500 workers.

<u>Expense</u>	<u>Highest-cost state</u>	<u>Lowest-cost state</u>
	New Jersey	South Carolina
Non-exempt labor (with benefits)	\$34.3 million	\$26.4 million
Electric power	\$898,212	\$541,368
Natural gas	\$714,600	\$506,700
Amortization	\$2.3 million	\$1.9 million
Property taxes	\$941,251	\$270,009
Sales taxes	\$688,000	\$600,000
Total	\$39.8 million	\$30.1 million

Source: The Boyd Company

“The news is very good for South Carolina,” said John Boyd, principal at The Boyd Company. “We also expect Spartanburg to continue to do very well.”

The Princeton, N.J.-based firm counts Boeing, Pratt & Whitney, Hewlett-Packard, Phillips, Dell and others among its clients.

Boyd said the report is meant to give corporate boards tools to help them make select the sites of the future endeavors.

While Boyd said the focus is on returning jobs that had moved overseas — a theme touted by the Trump administration — he said it also looks at global companies looking to expand operations in the United States. He cited as an example BMW Manufacturing’s announcement in June of another \$600 million investment in its Spartanburg County plant, an expansion expected to add 1,000 more jobs.

“He really verifies all we’ve learned,” said Spartanburg County Councilman David Britt, chairman of the council’s economic development committee. “You have to be in the ballgame. And we’re in the ballgame. The golden goose is business and industry, and everything else follows.”

The report says non-exempt hourly wages are \$20.21 in South Carolina, the lowest among all 48 states. By comparison, New Jersey’s rate is \$26.29 an hour.

Britt said Spartanburg has not only focused on jobs, but attracting companies with higher-paying jobs such as BMW, Michelin, Toray, Kobelco and Michelin.

“It’s not just hourly earnings that bring companies here,” Britt said. “That’s not what they’re looking for. It’s how they can show their board an operating cost that is competitive and a level of education that I don’t think is offered in other parts of the state and Southeast.”

The Boyd Company cites low property taxes as another attraction for South Carolina, although the Palmetto State’s yearly expense for the hypothetical company in the study is \$270,009 — higher than Louisiana (\$86,691), Tennessee (\$196,434), Georgia (\$206,523) and North Carolina (\$136,951).

“On property taxes, we’ve got to get lower to compete,” Britt said.

Boyd said the Trump administration is making a priority of returning jobs that had moved overseas, with its focus on lowering the corporate tax, eliminating environmental regulations and tort reform to protect companies from frivolous lawsuits.

The United States lost 2.4 million jobs from 2000 to 2015, mostly to China and Mexico and through automation, he said.

Another advantage for South Carolina in landing companies is its right-to-work status and a nationwide low of 1.7 percent unionized workforce, Boyd said. He credited infrastructure such as the Port of Charleston, the S.C. Inland Port in Greer and the planned Inland Port in Dillon. He also credited the leadership of U.S. Sen. Lindsey Graham, Gov. Henry McMaster and S.C. Secretary of Commerce Bobby Hitt.

“South Carolina’s partnerships are highly regarded,” Boyd said.

John Lummus, president and CEO of the Upstate SC Alliance, said the report mirrors what he and other economic leaders have seen. His organization helps market the Upstate worldwide.

“Once again, South Carolina is recognized for being one of the best places for manufacturing in the United States,” he said. “...When you combine our strong labor environment with competitive costs for electricity, natural gas and land, and with business-friendly policies, it’s likely that businesses will take notice.”