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Alabama, North Carolina reportedly on short list for massive auto plant

By Mary Sell Montgomery Bureau - Nov 30, 2017

MONTGOMERY — Alabama reportedly is a finalist for a massive automotive plant, and one area official says it has good chance — though it could require a \$1 billion incentive package.

The publication Bloomberg earlier this month said Alabama and North Carolina are vying for a \$1.6 billion, 4,000-job collaboration between Toyota Motor Corp. and Mazda Motor Corp. after several other states were struck from the list of potential sites.

A final decision is expected early next year.

In August, officials in Lawrence and Limestone counties said they had potential sites for the plant. They declined comment on the project Wednesday. There also were other potential sites around the state.

State Rep. Lynn Greer, R-Rogersville, said Wednesday he has talked to local and state officials about the project.

“Most folks think we have an excellent shot at it,” he said. “I hope so.”

Greer also said the automakers want \$1 billion in incentives from the state they choose. Bloomberg also reported the \$1 billion figure.

“To me that’s a tremendously good investment,” Greer said. “If we can get the plant, I think we could come up with \$1 billion.”

It’s unclear what a \$1 billion incentive package could look like. Gov. Kay Ivey’s office referred the question to the Alabama Department of Commerce, which declined comment. Both offices said they don’t comment on any pending projects.

Other automakers in the state have received large incentive packages, but nothing near \$1 billion.

Automotive News last week compared the advantages of Alabama and North Carolina. Among Alabama's are its automotive history and incentives.

Toyota, Mercedes-Benz, Honda and Hyundai already have facilities here. The state also has more than 150 tier 1 and tier 2 suppliers.

"From a production cost point of view, the advantage would go to Alabama," Gregg Wassmansdorf, site-selection consultant and senior managing director of Newmark Knight Frank told Automotive News. "The other advantage that they would likely have, just based on historical precedent is their ability to provide economic incentive. They have historically been very aggressive when it comes to incentives for automotive."

But in North Carolina, the Toyota-Mazda plant may not have to compete for workers. That state doesn't have a light vehicle plant. It has developed four potential sites.

"This plant would have to find some new sweet spot in the state of Alabama that they feel comfortable is not going to be competing for all the other talent that's already dedicated to OEMs, or the supplier network," Wassmansdorf said.

John Boyd, a site-selection consultant and principal at The Boyd Co. in Princeton, New Jersey, told Automotive News he gives a slight edge to North Carolina because of several factors, including the fact it has a larger congressional delegation than Alabama.

"This new joint manufacturing facility will be producing some very sophisticated, highly regulated electronic vehicles," Boyd said. "There will be a myriad of legislative priorities and lobbying efforts, so clout in Washington, D.C., I think, is a site-selection driver."

Automotive News also said North Carolina's less-unionized labor force, 3 percent compared to Alabama's 8.1 percent, is an advantage for the Tar Heel State.

In August, Commerce Secretary Greg Canfield spoke generally about this state's advantages.

"Alabama has several sites that offer the acreage, workforce availability, utilities infrastructure, transportation access and other assets that are compatible for automotive (original equipment manufacturer) projects," he said then. "Over the years, we have learned a great deal in partnering with Toyota, Mercedes-Benz, Honda and Hyundai as they have grown and prospered in Alabama. We can replicate this same success should another vehicle-producing automotive OEM make the decision to locate in Alabama."

Huntsville mayor and 2018 gubernatorial candidate Tommy Battle couldn't comment on economic development projects due to non-disclosure agreements, his office said this week.

Kelly Schrimsher, communication director for Battle's office, said the mayor has made statements related to Amazon and Huntsville's pitch to land the company's new 50,000-employee headquarters. More than 200 cities nationwide, including Birmingham, have courted Amazon.

Huntsville is a smaller city than what Amazon said it wanted in a new home.

"In his experience, it is important to 'throw your hat into the ring' and let companies know about your strengths and assets," Schrimsher said. "While a city may not land the project, they may plant a seed of interest for a future one."