

# ATLANTA BUSINESS CHRONICLE

**Walmart received \$23M in Georgia tax incentives. Now, it's laying off 1,400 workers.**



*Walmart is laying off more than 1,400 workers at a Fulton County fulfillment center as it restructures its business operations. Walmart*



By Savannah Sicurella – Reporter, Atlanta Business Chronicle - Oct 26, 2022

In 2014, the Georgia Department of Economic Development offered Wal-Mart.com USA LLC around \$23 million in incentives to bring an e-commerce facility to the state.

The e-commerce division of Walmart (NYSE: WMT) accepted, and one year later, built a \$108 million, 450-job facility in Union City, a town in Fulton County just outside of the capital. The retailer ended up hiring three times more employees than promised.

Less than 10 years later, Walmart is laying off more than 1,400 jobs at the facility as it restructures its business operations, according to a letter sent this month through the Worker Adjustment and Retraining Notification (WARN) Act. Walmart did not respond to requests for comment.

Georgia's incentives were contingent on Walmart's ability to hire 450 jobs paid \$12-14 an hour in a 36-month time frame, according to an offer letter from the economic development department. The company met its performance commitments, according to a spokesperson from the department.

It's not common for a state to offer companies large incentive packages that will close or begin large-scale layoffs in five to 10 years, site selection expert Kim Williams Davis wrote in an email to *Atlanta Business Chronicle*.

But it does happen. Economic changes or decisions like mergers, acquisitions or shifts in company strategies can occur over time. For example, Walmart has been investing more in automation, which could reduce the number of jobs needed at a facility.

"There's a risk-reward calculation that states make when offering incentives," said John Boyd, founder and principal of site selection firm The Boyd Co. Inc. "That Walmart facility was a major economic engine for several years and employed thousands. That said, we're in an economic downturn. You have major e-commerce giants scaling back their operations."

This is why states offer performance-based incentives that are paid out once a company meets certain thresholds. Some incentive agreements also include "claw back" provisions, which require companies to pay back funding if they do not meet the capital investment, job creation or wage numbers that were agreed upon during negotiations. The incentive agreement for the Rivian Automotive Inc. plant planned east of Atlanta includes claw back provisions.

Walmart isn't the only company in Atlanta's manufacturing and distribution ecosystem that has laid off employees this year. Meal delivery service company Freshly is closing its Cobb County facility a little over a year after announcing it. Sherwood Food Distributors is closing its Atlanta warehouse to outsource its logistics operations.

When Walmart was pitching the facility, the company promised increased local employment opportunities, the potential for increased local sales and property taxes collected and an infusion of a new capital investment made to the community, according to a memorandum of understanding signed by Walmart and the Development Authority of Fulton County in November 2014.

The full \$23 million offered by Georgia isn't a signal that Walmart received the funds in one large check. The incentives were divided into separate categories:

- **\$7.87 million** in Job Tax Credits, a program that provides companies credits for every qualified new job created
- **\$7.4 million** in sales and use tax exemption for primary material handling equipment
- **\$7.3 million** worth of property tax exemptions over the next 10 years
- **\$2.8 million** in a Port Tax Credits, which is available to taxpayers who increase imports or exports through a Georgia port by 10%
- A state-led workforce training program valued at **\$1.3 million**
- A **\$500,000** Regional Economic Business Assistance (REBA) grant, which was used for the purposes of site development