

THE BUFFALO NEWS

In competition for Samsung plant, STAMP aims to make its mark



The Stamp Science & Technology Advanced Manufacturing Park, Genesee County Economic Development Center site in the Town of Alabama, Friday, Jan. 29, 2021. Derek Gee

By Matt Glynn News Business Reporter
March 16, 2021

Four miles north of the Thruway's Pembroke exit, halfway between Buffalo and Rochester, sit 1,250 acres of empty fields that economic development recruiters dream could one day bustle with high-tech industry.

For years, Genesee County officials have had high hopes for the site but no tenants to show for it. Deer wander where high-tech factories are imagined to rise.

Now, there are signs of life.

Plug Power announced it will build a \$230 million “green hydrogen” plant there, in a heavily incentivized deal that one watchdog group tallies at the cost of \$1.7 million per job.

And recruiters are trying to land an even bigger prize: a \$17 billion Samsung semiconductor facility that would reportedly have 1,900 jobs. Some observers consider upstate New York a long shot for the Samsung plant, especially with the high-tech company reportedly seeking about \$1 billion in incentives in Texas, where Samsung already operates.

Regardless of how the quest for Samsung turns out, new development could attract more of the tenants Genesee County has long sought. And that growth could benefit the Buffalo area.

While the land, known as the Science and Technology Advanced Manufacturing Park, or STAMP, is tucked away in the rural Town of Alabama, business recruiters highlight the site's location between Buffalo and Rochester, able to tap into both regions. They also point to the site's access to low-cost hydropower, a natural gas line, and the Thruway. And recruiters say the rural setting provides ample acreage for large-scale development to unfold.

Meanwhile, STAMP is preparing for Plug Power to start its project. Plug Power will also fund construction of a 450-megawatt electrical substation to serve the business park – a step that is expected to make the site more attractive to other companies.

“The investment they’re making to help us get this substation built doubles the infrastructure investment in the site,” said Steve Hyde, CEO of the Genesee County Economic Development Center. “And so it brings us so close to complete readiness.”



Steve Hyde, president of the Genesee County Economic Development Center. Sharon Cantillon

Here's a look at where STAMP is headed and what's on the horizon.

STAMP history

In 2015, a company called 1366 Technologies announced plans to open a factory at the site that would create 600 jobs over the first five years. 1366 Technologies would make solar energy products at the location.

But the project was scrapped in 2018, after the company failed to secure the federal loan guarantees it needed to

finance the project. That left STAMP still searching for its elusive first tenant.

Some critics have questioned STAMP's appeal, given its location and lack of amenities and infrastructure. The 1,250-acre site is about four miles north of the Thruway's Pembroke exit. The GCEDC owns about 90% of that land, which represents the prime acreage for developing STAMP and its infrastructure.



The boundaries of STAMP in Genesee County.

Hyde argues that STAMP's location, midway between Buffalo and Rochester, is among its selling points to companies in industries like renewable energy and semiconductors.

"We're going to be able to compete for the largest projects in the world very effectively, because we sit between New York's second and third largest population centers, great higher ed, great workforce, and we've got the lowest-cost power in North America at the site, working so closely with the New York Power Authority," Hyde said.

"The type of projects STAMP is meant to attract "take a long time to build and they're expensive, so you've got to do it carefully and effectively," Hyde said.



The site of the Stamp Science and Technology Advanced Manufacturing Park is about four miles north of the Thruway. Derek Gee

John Boyd Jr., a site selection expert, said he doesn't view STAMP's location as a drawback to attracting Samsung.

"The site in Genesee County is very attractive," said Boyd, principal of the Boyd Co. "It's shovel ready. There's an abundance of reliable, green-friendly hydroelectric power."

Andrew Marsh, Plug Power's CEO, said STAMP's location was "not a negative" for his company.

"From our perspective, plants like this are often in areas which are more remote," he said. "It's not that far from highways to be able to move the product." The availability of land and access to low-cost hydropower were two driving factors in Plug Power's decision, Marsh said.

Marsh called the \$55 million electrical substation the company will fund "a big-dollar item" that will be important for the park's future. "It was one of those issues we had to think a lot through, because that substation didn't exist," he said. "The work we're doing to build that substation and the money we're investing, we believe it will be beneficial to the area to bring more tenants in."

National Grid has been working in concert with the state and county to advance STAMP's development, said Ken Kujawa, National Grid's regional director.

"This includes the relocation and construction of transmission lines next year, as well as building a new substation that will meet the needs of STAMP, Plug Power and even potentially additional new growth opportunities in the county," he said.

Samsung competition

The Samsung semiconductor plant is the kind of mega-project STAMP was imagined for.

Naturally, other cities want the project, too. Austin, Texas and Arizona are also reportedly contenders.

"I still view Austin as the front-runner for this massive Samsung facility, because Samsung is already an employer of choice in the Austin market," Boyd said.

But he doesn't rule out STAMP's chances. And he ranks STAMP's odds as better than the two sites in the Phoenix, Ariz., area reportedly in the running.

The reason: a rival company, Taiwan Semiconductor Manufacturing Co., just chose the Phoenix area for a \$12 billion plant with about 1,900 jobs. Boyd said it would be unlike Samsung to choose to locate a new plant in the same market as TSMC.

While Austin would appear to have the inside track, with Samsung already operating there, Boyd said some other factors may have influence.

The recent destructive storms in Texas disrupted site selection activities, although Boyd said that factor should not be overstated. But he said New York state is "desperate" for a major economic development win, and that the public mood toward incentives in Austin could work in STAMP's favor.

"We're starting to see a lot of anti-growth public advocacy groups in Austin aggressively protest these types of large incentive packages," Boyd said. "That could potentially come into play here, if there is a large public outcry related to an incentive package of this size.

"I suspect they would have an easier path to a large incentive package in New York," Boyd said.

The Schumer factor

STAMP's bid has a factor on its side that the other states don't: Sen. Charles Schumer, the Senate majority leader.

"I think Chuck Schumer getting involved is important," Boyd said. "It's impossible to overstate the role that politics and leadership play in site selection decisions today. So Chuck Schumer actively promoting New York State, I think, is significant. Samsung is a company that is sensitive

to federal regulations and it's a company that does compete and wants as big a share in the federal procurement market.

"He carries with him the potential to be a major force for economic development, given his role as Senate majority leader," Boyd said.

Schumer recently called a Samsung official to make a pitch for STAMP, and has described domestic semiconductor production as a national security matter.

"Companies like Plug Power and Samsung are recognizing the unique value and number of advantages we've helped Genesee County officials create at STAMP," Schumer said. "I've made the case to Samsung that STAMP checks all the boxes on their wish list – from low-cost power and access to a world-class workforce to New York's semiconductor supply chain and much more."

Expensive incentives

The competition for Samsung's plant is bound to be expensive. "They're seeking a billion dollars of incentives," Boyd said.

Plug Power's project offers a taste of the type of incentives involved.

Plug Power is seeking \$118.2 million in sales and property tax exemptions from the GCEDC. Also, under a proposed 20-year payment in lieu of taxes agreement, Plug Power would pay about \$2.3 million a year to support local municipalities and infrastructure, to recipients including Genesee County, the Town of Alabama and the Oakfield-Alabama Central School District.

At the state level, Empire State Development will provide up to \$2 million in Excelsior Tax Credits in exchange for Plug Power meeting job creation commitments.

And Gov. Andrew Cuomo recommended the Power Authority's board of trustees approve a package of incentives: a 10-megawatt allocation of low-cost power from the Niagara Power Project, \$1.5 million from the Western New York Power Proceeds Program and 143 megawatts of high-load factor power that the Power Authority would procure for the company on the energy market.

Reinvent Albany, a reform group, tallies up the incentives Plug Power is seeking and says they would amount to \$1.7 million per job.

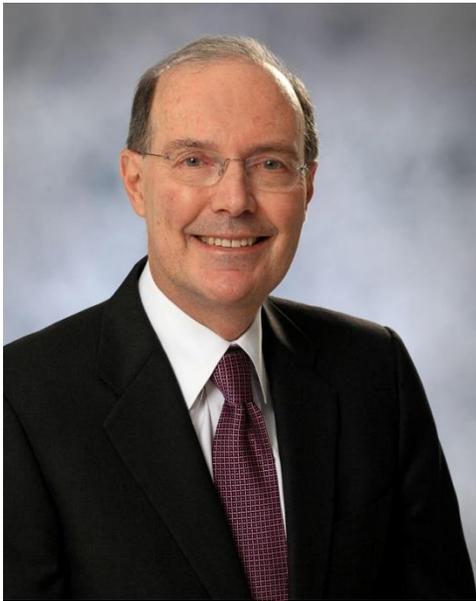
"We think that it's outside the bounds of what could be considered good economic policy," said Tom Speaker, a policy analyst.

Speaker cited a 2018 paper by the W.E. Upjohn Institute for Employment Research which concluded tax breaks and grants usually aren't decisive in a company's choice about where to

locate a new plant, expand or retain jobs. The paper found those incentives tipped a project in an area's favor 2% to 25% of the time, meaning that for at least 75% of the firms, incentives didn't alter the outcome.

"I think it often just ends up being a sweetener for deals," Speaker said. "It's something that's unnecessary and that we think rather than stimulating economies, instead just takes tax revenue that should be going to schools and other public services."

Plug Power's plans



*Andy Marsh, CEO of Plug Power.
Provided photo*

While Samsung's intentions are as yet unknown, Plug Power is moving ahead. The company plans to break ground by year's end, Marsh said. "We have equipment on order and we're well positioned to, once all the permits are in the place, get rolling fast. We're really excited about it." The plant is expected to be finished by the end of 2022 and have 68 jobs.

The green hydrogen made at the STAMP plant would mainly be used in transportation applications, as well as industrial uses and even data centers, for backup generators, Marsh said. Plug Power envisions the STAMP site being part of a national network of plants, to help states meet their targets to reduce their carbon footprint.



One of Plug Power's biggest investors is SK, a South Korean conglomerate. "We have relationships around the world that can help New York formulate the best plan to reach the long-term target goals," Marsh said.

The company is also preparing to open a facility in Rochester that will employ 379 people. Plug Power, which is publicly traded, recorded a \$476 million loss in the fourth quarter, dragged down by \$456 million in costs.

STAMP's chances

Boyd said he believes New York State is "very much in the running" for Samsung, but acknowledges what STAMP is up against.

"The economic development professionals in central Texas are very good at what they do," he said. "They're on a roll. They know how to win."

"I think is really going to go down to the wire," Boyd said.

