S.C. Senate OKs Tax Incentives To Court Boeing

Seanna Adcox, Associated Press Writer

COLUMBIA, S.C. (AP) — An economic incentive package that appears tailored to bring a massive Boeing assembly facility to North Charleston easily received key approval Tuesday in the South Carolina Senate.

The full Senate voted 44-0 on low-interest construction bonds and incentives that include a sales tax exemption on fuel used in test flights. To qualify, a company would have to create at least 3,800 full-time jobs and invest at least $750 million in the state over seven years.

"We've got an opportunity before us now ... to bring jobs to our people that are so desperately needed," said committee chairman Hugh Leatherman, R-Florence.

The measure, which does not name a specific company, needs another perfunctory vote in the Senate before heading to the House. Legislative leaders expect to send the bill to the governor's desk on Wednesday.

Boeing is deciding where to put a second assembly line for the 787 airliner, and Everett, Wash., also is competing. Sen. Robert Ford said leaders have told lawmakers not to discuss the company because the situation is too sensitive.

"Of course, for any district in the world, it would be a major, major employment opportunity," said the Charleston Democrat, whose district includes Boeing's existing North Charleston plant, which makes fuselage sections for the 787.

The five-part legislation, which expands existing law, includes sales tax incentives that would exempt fuel used in test flights and flights to transfer aircraft between plants. It would also exempt computer equipment purchases and allow a qualifying company to immediately pay no sales tax on construction materials, rather than wait for a 2011 phase-in.

It would ensure the company could negotiate with state officials to pay little corporate income taxes for 10 years — to likely tie those taxes to in-state sales — by deleting the minimum pay requirement. Current law allows the break for companies investing at least $10 million and creating 200 jobs, but mandates salaries be three times the state's per capita income, or $93,000.

The proposal would also allow the state to issue up to $170 million of economic development bonds that would allow a company to build using a lower interest rate, making the project cheaper.

Business leaders praised the proposal.

"I think if what we believe is going to happen happens, without talking about a

name, this is almost as big as" Michelin's expansion and BMW's move to South Carolina more than a decade ago, said Otis Rawl, president of the state Chamber of Commerce. "This is another one of those marquee companies that puts South Carolina not only on a national map but a global map."

Senators did not discuss a price tag for the incentives, and business leaders declined.

Leatherman said there is no cost until a company comes here. However, he said, according to a hypothetical analysis by budget officials, first-year payroll of a company bringing roughly 5,000 jobs could exceed $175 million.

"The fiscal impact of the project itself far exceeds what the state's putting in this thing," said South Carolina Manufacturers Alliance president Lewis Gossett.

John Cawley, the economic development coordinator for North Charleston where Boeing is considering building a second production line, declined to comment on the economic incentives, saying he did not know what they were.

He also said he could not comment on any Boeing plans for the city.

Boeing announced in August that it was seeking permits to expand its North Charleston plant, but said it was simply a procedural step because of the lead time required to secure permits.

Last month, plant workers voted against continued union representation.

Boeing has said it plans to make a decision on a second assembly line in the coming weeks.

The Seattle Times reported that Boeing's board of directors met Monday in Chicago without deciding on a site. The company is threatening to choose North Charleston if the International Association of Machinists union can't agree to a 10-year no-strike deal, the newspaper reported.

The union waged an eight-week strike last year that shut down the company's Pugent Sound assembly line.

___

Associated Press Writer Bruce Smith in Charleston, S.C., contributed to this report.

Source URL (retrieved on *11/25/2014 - 3:38pm*):
http://www.impomag.com/news/2009/10/sc-senate-oks-tax-incentives-court-boeing