Gov, GM Talk TN Expansion

Erik Schelzig, Associated Press

NASHVILLE, Tenn. (AP) — Gov. Bill Haslam's office confirmed Thursday that the state is in talks with General Motors to expand production at the automaker's Tennessee plant.

The state's economic development chief, Bill Hagerty, was in Detroit to meet with GM officials, as were mayors representing communities surrounding the Spring Hill plant that stopped assembling the Chevrolet Traverse in 2009.

"We've been having conversations with GM and local officials," Haslam spokesman David Smith said in an email to The Associated Press. "We've heard from the company that the primary factor is a question of vehicle demand increasing rather than incentives."

More than 2,000 workers were idled at the plant south of Nashville when production of the Traverse as shifted to Michigan. But it has continued to build engines, and GM last year announced a nearly $500 million investment to manufacture the next generation of the company's Ecotec engine at the complex.

The plant turned out more than 3.7 million Saturn cars between 1990 and 2007 before undergoing an overhaul and turning to other production.

Spring Hill Mayor Mike Dinwiddie said in an email that he has been joined in Detroit by Maury County Mayor Jim Bailey and City of Columbia Mayor Dean Dickey to make the case for the plant.

"We consider it extremely important to support the residents we represent by taking every opportunity to lobby for new jobs," Dinwiddie said.

Dinwiddie said the Tennessee delegation had no role in contract talks between GM and the United Auto Workers, though he said he believes the Spring Hill plant could and should play a factor in those negotiations.

Members of the of UAW Local 1853 in Spring Hill remain hopeful, chairman Mike Herron told The Tennessean newspaper.

"I hope Spring Hill will get some good news out of the negotiations, but that's all I can say about that right now," said Herron.

The UAW contract talks are the first for GM since it needed $49.5 billion in government aid to make it through bankruptcy protection in 2009. The company has made billions in the last two years because its debt and costs were lowered in bankruptcy, and its new products have been selling well.

After the 17-year-old production run on Saturn vehicles, the Spring Hill plant underwent an overhaul costing more than $600 million that retooled the plant to build the Traverse crossover. That came only after then-Gov. Phil Bredesen persuaded lawmakers to approve new a 7 percent tax break on industrial machinery upgrades of at least $500 million.

After Traverse production was relocated to Lansing, Mich., Spring Hill was named as one of three finalists to build the new Chevrolet Sonic, but lost out to Orion Township in Michigan.

Bredesen, a Democrat, complained at the time that the automaker would not entertain offers of further tax breaks as an incentive, instead calling for up-front payments of hundreds of millions of dollars to choose the Tennessee plant over the others in Wisconsin and Michigan.

The Bredesen administration landed other high profile automotive deals through its aggressive corporate tax incentives, including a Volkswagen AG plant in Chattanooga and the relocation of Nissan Motor Corp.'s North American headquarters from California to suburban Nashville in 2006.

Nissan also has assembly and power train plants in Tennessee.

Haslam, a Republican who took office in January, has said he wants to standardize Tennessee's incentives offers, but that approach has not yet been completed.

Clint Brewer, a spokesman for the state Department of Economic and Community Development, said it's too early to speculate about incentives.

"Presently, there is no project, so we are not at the point where we could discuss potential incentives," he said. "The trip is to gather information."

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