SC Governor Signs Boeing Incentives Bill

Seanna Adcox, Associated Press

COLUMBIA, S.C. (AP) — South Carolina Gov. Nikki Haley on Tuesday signed legislation to provide $120 million in incentives to the Boeing Co. for its expansion plans [1] in the state.

"Boeing is a part of the fabric of South Carolina, and this solidifies our relationship with Boeing going forward," Haley spokesman Rob Godfrey said.

The measure moved quickly through the Legislature after Chicago-based Boeing announced two weeks ago it would invest another $1 billion and create 2,000 jobs over eight years in North Charleston.

The state House gave final approval to the measure on Thursday. Lawmakers say Boeing's plans will put South Carolina in a position to become an aerospace hub, with suppliers locating across the state for not only Boeing but also possibly Airbus in Alabama.

The borrowing bill covers Boeing's upfront costs of buying and improving the land.

Commerce Secretary Bobby Hitt, a former BMW executive, has said the incentives are similar to those granted to BMW when its plant in Greer expanded after opening in the 1990s. BMW suppliers are located in 41 of the state's 46 counties.

The first of Boeing's 787 Dreamliners built in South Carolina [2] rolled off the assembly line about a year ago. The plant assembles one of the planes a month and within weeks will be assembling two a month, says Jack Jones, the vice president and general manager of Boeing South Carolina.

The Boeing plant also builds mid- and aft-body assemblies for 787s that are made in South Carolina and Everett, Wash. Jones said seven assemblies are put together each month and the number will increase to 10 this fall.

House Speaker Bobby Harrell said he believes Boeing will deliver more than the minimum promised for the $120 million.

In 2009, lawmakers gave Boeing an incentive package worth $170 million in exchange for the company spending at least $750 million and creating at least 3,800 jobs within seven years. The North Charleston complex already employs about 6,000 people.

"Boeing is a company that's under-promised and over-delivered," said Harrell, R-Charleston. "The result of cementing them to us is well beyond what these numbers show here."

Of the 2,000 new jobs, half of those hired will be in engineering, computer technology, and research and development, according to Harrell and Senate Finance Chairman Hugh Leatherman, who helped negotiate the incentives package.

The 787 has been grounded since mid-January because of a problem with smoldering lithium-ion batteries. Boeing has since developed and tested a revamped version of the battery system, with changes designed to prevent a fire or to contain one should it occur. FAA officials approved the revamped batteries last week and agreed to lift the grounding order.

None of the 787s that reported battery problems were built in South Carolina.

Airbus broke ground earlier this month on its first U.S. airplane assembly. Its $600 million factory in Alabama is expected to employ 1,000 people once production of the Airbus A320 jet begins around 2015.

Boeing's 2009 decision resulted in a lawsuit by the National Labor Relations Board, which alleged in April 2011 that Boeing was building a plant in South Carolina, a right-to-work state, over concerns about strikes by union workers in the state of Washington.

The complaint, which sought a court order forcing the aerospace company to build the line in the Pacific Northwest, prompted outrage from Republican lawmakers, South Carolina officials and business groups, and became a major political issue in the GOP presidential primary.

The NLRB officially dropped its high-profile case eight months later after the Machinists union in Washington approved a 4-year contract extension with Boeing and agreed to withdraw its charge that the company violated federal labor laws. Under the deal, Boeing promised to build the new version of its 737 airplane in Washington state.

Last month, Boeing announced plans to lay off about 800 workers in Washington by year's end.

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