

ADM Stays In Illinois Despite Lack Of Tax Breaks

David Mercer and Sophia Tareen, Associated Press

CHICAGO (AP) — Archer Daniels Midland Co. decided Wednesday to set up its new international headquarters in Chicago even after it failed in its bid for millions of dollars in state tax breaks. The move was the latest twist in the debate about how far Illinois and other states should go to lure and keep companies.

Critics of tax breaks say the agribusiness giant's announcement provides a lesson: Illinois didn't play ball, even as cities such as St. Louis and Atlanta talked to ADM, and won anyway.

"The state stood its ground," said Illinois House Majority Leader Barbara Flynn Currie, who in October called ADM's initial request for up to \$30 million in tax breaks blackmail. "And ADM made a good decision based on what's best for the company and its bottom line."

Illinois has been engaged in an incentives tug-of-war for years with companies ranging from Sears Holdings Corporation and Motorola Mobility, trying to fight off often loud pitches from other states happy to talk with any firm that wanted to leave. Just last week, the state joined more than 20 others trying to convince Boeing Co. to build an aircraft plant that would employ up to 8,500 people.

ADM's announcement to stay in Illinois likely will give ammunition to both sides over whether states should play ball when companies make demands, though some incentives skeptics warned not to read too much into one company's decision.

Chicago, with its two international airports in the heart of Midwestern farm country, was the best place for ADM's new headquarters, CEO Patricia Woertz said Wednesday.

"While we considered other global hubs, Chicago emerged as the best location to provide efficient access to global markets while maintaining our close connections with U.S. farmers, customers and operations," Woertz said in a statement.

The agribusiness giant's plans to keep about 4,400 jobs in the central Illinois city of Decatur, where it's been headquartered for 44 years, and make that city its North American headquarters.

Gov. Pat Quinn said he talked with Woertz several times and stressed Illinois' workforce and transportation infrastructure in the pitch.

"The whole idea of tax matters ... is secondary to good workforce and making sure you have good logistics and transportation," Quinn said.

Illinois now needs to reconsider how it awards incentives and how effective they

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are, Flynn Currie said, echoing comments last week from House Speaker Mike Madigan. A House committee will take up the subject in January, she said.

But an economist who is both a longtime observer of Illinois' back-and-forth with companies looking for incentives and a critic of most tax breaks and other perks said whatever stand Illinois took may not mean much when other companies ask.

State officials were "either smart or lucky," said Fred Giertz, an economist at the University of Illinois' Institute of Government and Public Affairs.

The next time a big company asks the state for perks, "I think that the politics would be so compelling they probably would still enter into negotiations."

The 50-75 top-level ADM employees who will move to Chicago aren't a large number, but Mayor Rahm Emanuel said the move would solidify the city's ranking as one of the top cities in the world for international headquarters. ADM plans to pick a location in Chicago for its headquarters by next summer.

ADM also said Wednesday it is still looking for a site for a 100-job technology center the company had pitched as part of its global headquarters as it sought tax breaks. Woertz said she expects a decision by the middle of next year.

Quinn said the state would be competitive in trying to lure the center, but that might not mean tax breaks.

"We'll have to see what their parameters are. It's unlikely we'll be offering tax incentives willy-nilly," he said.

Other potential locations, like St. Louis, remain interested.

The headquarters was a longshot for St. Louis, but the tech center "might be in play," said Denny Coleman, chief executive of the St. Louis Economic Development Partnership.

In Decatur, the mood was mixed. It's good that ADM will open the new headquarters in Illinois, and the North American headquarters is a nice consolation prize for the city, former City Council member Pat McDaniel said. But unemployment in Decatur stands above 11 percent, and the incentives deal ADM wanted included requirements that company add jobs in Decatur.

"With Decatur having such high unemployment, we could have used those jobs," McDaniel said.

ADM has about 30,000 employees, about half of them overseas. The company processes corn, soybeans and other crops to make everything from animal feed to ethanol and is No. 27 on the Fortune 500 list.

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