

Politicians' Promises Don't Reflect Written Incentives Deals

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by Rick Brundrett - The Nerve

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S.C. politicians routinely love to make promises about massive corporate investment and multitudes of new jobs in the Palmetto State.

But the secretly crafted written agreements offering taxpayer-backed incentives in exchange for

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those promised jobs and investment often don't live up to the official hype.

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Last month, The Nerve [detailed](#) how for years state commerce and revenue officials failed to adequately track new jobs that benefiting companies were required to create.

This story takes a closer look at what actually was put – and not put – in writing.

Since its launch more than 10 years ago, The Nerve has reviewed numerous state and local incentives agreements involving companies locating or expanding in South Carolina. Those documents typically were kept secret from the public unless formal state open-records requests were submitted – and even then, much of it often was blacked out.

What we usually found was that the terms “jobs” and “investment” in those records were either loosely defined or not defined at all, leaving taxpayers with little or no assurances that their money was properly spent.

And that's the game politicians in South Carolina have been playing for decades with billions of tax dollars.

For example, in exchange for an initial \$270 million in taxpayer-funded state bonds, aerospace giant Boeing in January 2010 promised to create 6,000 jobs at a new aircraft assembly plant in North Charleston. Officials at the time described it as the single-largest, job-creation and investment project in state history.

But as The Nerve [revealed](#) then, under the incentives agreement between Boeing and the state Department of Commerce, the promised jobs included:

- About 2,200 workers – at least a third of the initial total requirement – already employed at two existing Boeing plants in North Charleston;
- Up to 600 “badge” employees, such as cafeteria and janitorial workers and security personnel, supplied by other companies;
- Counting two part-time Boeing workers as one, which is allowed by state law; and
- Any other Boeing employees in the state.

The Nerve also [reported](#) at the time that roughly half the new Boeing workers were out-of-state contractors.

In a 2013 follow-up deal for another \$120 million in taxpayer-funded bonds – a fraction of the overall incentives offered to Boeing – the company agreed to create 2,000 more jobs, though that included “badge” and part-time employees, as well as outside contractors, such as engineers, according to the incentives agreement with Commerce.

Boeing also promised to invest \$1.13 billion more at the plant site, though no details of the planned

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expenditures were listed in documents provided then by Commerce to The Nerve under the state Freedom of Information Act.
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Two years earlier, the state Coordinating Council for Economic Development (CCED), a [secretive](#), 11-member panel led by the Commerce director and administered by Commerce, awarded a \$31 million state grant – [later increased to \\$35 million](#) – to Sumter County for a new Continental Tire plant. The company promised to create 1,600 jobs at the plant site, plus another 100 jobs at its U.S. headquarters in Lancaster County.

That incentives agreement allowed Continental contract employees to be counted toward the 1,700-job requirement. In documents provided to The Nerve, Commerce blacked out specifics about new employees' wages, as well as details about the value of the land, building, machinery and equipment associated with the required \$400 million capital investment.

Commerce also made the same types of redactions before releasing a 2015 incentives agreement between the CCED and Volvo for a new Berkeley County car plant – an estimated \$1.1 billion project with the promise of approximately 4,000 jobs. More than \$250 million in incentives were spent or offered by state and local government agencies for the project, The Nerve found in a [review](#) of Commerce records.

Asked why the redactions were made, a Commerce spokeswoman told The Nerve last year that companies typically “consider as confidential proprietary and competitive” any information concerning “payroll, average or individual employee wages, or how and where a company invests in its facilities.”

State officials continually find new ways to hand out big corporate-welfare packages with little transparency.

Last year, for example, the Legislature changed state law – with Gov. Henry McMaster's backing – to offer state tax breaks to [the NFL's Carolina Panthers](#), which plans to move its headquarters and training facilities to Rock Hill.

Exactly how much those breaks could end up costing S.C. taxpayers is unknown. The departments of Commerce and Revenue over the years repeatedly have told The Nerve that state law bans them from releasing specific taxpayer information.

In a cost-benefit analysis released last year to The Nerve, Commerce projected the move would create 150 “direct” jobs and 5,715 “indirect” jobs, resulting in a total estimated payroll of nearly \$3.7 billion over 15 years, though the agency's calculation methods recently have come under [scrutiny](#).

Usually, Commerce blacks out any payroll information. But it wasn't bashful in revealing that the average salary for the 150 “direct” jobs – which were not specified by job title – was \$1,013,333.

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Most South Carolinians though make nowhere near that much.

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