

THE BLADE

State panel OKs \$10M tax credit help for Chrysler expansion

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COLUMBUS — An Ohio panel Monday sanctioned \$10 million in job-creation tax credits for Chrysler Group LLC's proposed \$365 million expansion and upgrade of its Toledo Assembly complex.

The credit against Chrysler's commercial activity tax liability is one of a series of ducks the automaker is putting in a row as it prepares to phase out production of existing models in favor of new yet-to-be-determined replacements and decide where that new production should take place.

Christine Estereicher, senior manager of state relations and legislation for Chrysler, said Ohio is in competition with "other states." She declined to reveal who Toledo's competitors may be.

The answer from the company to some of the questions from the Ohio Tax Credit Authority about the timing of its decisions on the Toledo plant and its production line was "TBD" —to be determined.

"We're looking at the business case for making the investment in Toledo," Ms. Estgereicher said. "We're making the business case for the plant. Is the plant competitive and are the state of Ohio and Toledo competitive...?"

"We are looking at the cost of doing business at the plant and looking at the incentives that the state and the city are offering, and then taking that back to our executives and our board, and looking at the overall business case," she said.

The authority unanimously approved a 75 percent credit over 15 years, worth a total of about \$10 million over its life, for the creation of 1,105 jobs tied to the restoration of a second shift at its Toledo North Plant. The agreement assumes \$35.9 million a year in new payroll as well as the preservation of about 1,700 existing jobs at the complex.

The automaker is considering an \$8 million expansion in the physical plant plus \$357 million in machinery and equipment upgrades in anticipation of the next generation of vehicle or vehicles to roll off the assembly lines.

"Fantastic," said Rodney Crider, of Wooster, an authority member. "We don't hear many 1,100 automotive manufacturing jobs."

The proposed new jobs include 1,050 production positions, paying \$14.65 an hour, and 55 management jobs paying about \$90,500 a year.

Gov. John Kasich also announced more than \$2 million job-training and equipment grants for the project.

"Chrysler is a major asset to Toledo and Ohio, and we're doing everything we can to make the case that Ohio is the right place for the company to continue to invest and grow," he said. "I'm hopeful that we're making progress and that Chrysler and other major manufacturers will see that Ohio is the place to be."

The state is keeping its fingers crossed that these projects are just the first in a line of new investments the automaker will make in the region as it attempts to roar back from bankruptcy and a federal government bailout and gears up for new sales aimed at foreign markets.

When pressed for details, Ms. Estereicher said, "Right now we do not know the specs of the (next generation of) vehicle. We don't know the make. Is it a car? Is it a truck? That's what we're considering."

The authority also unanimously approved a separate 50 percent job-retention tax credit over 10 years, worth about a total of about \$3.3 million, for the preservation of 640 jobs at the Toledo Machining plant in Perrysburg Township.

The company plans to invest \$72 million in the plant in anticipation of producing improved torque converters and steering columns at the plant for the next generation of front and rear-drive vehicles. Chrysler hopes to begin work at the plant in October, starting with the steering column, and then, beginning in 2013, with the torque converter.

The state is also offering \$850,000 in grants for job training and the purchase of machinery and equipment.

The state carrots are the latest in a package also sweetened by local incentives.

Toledo City Schools approved a 15-year, 50 percent property tax abatement worth \$45,000 a year for 60 percent of the Toledo Assembly Complex expansion located within the district. Washington Local School District, where the remaining 40 percent of the plant would be, approved a similar abatement worth \$23,000 a year.

More incentives are expected. The city is expected to consider its own incentives soon, according to Brad Peebles, Toledo's commissioner of development.

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