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Union groups demand details on Macy's tax incentives

By [Eric Eyre](#)

CHARLESTON, W.Va. -- A West Virginia construction trades group called on state economic development officials Thursday to disclose details of the incentive package used to entice Macy's to build a \$150 million distribution center in Berkeley County.

Steve White, director of the Affiliated Construction Trades Foundation, told state Economic Development Authority members that West Virginians deserve to know the specifics of the deal because the state and Berkeley County Commission are giving Macy's significant tax breaks.

"We're questioning whether the state is getting the best deal for the citizens of West Virginia," White said. "The deal has been made, and we want to know what the state has consented to. There needs to be an open and transparent process."

Earlier Thursday, the state Economic Development Authority voted unanimously to authorize the sale of up to \$176 million in bonds to finance the Macy's distribution center. The Development Authority will own the 1.3 million square-foot warehouse and lease the facility and equipment to Macy's so the department store chain won't have to pay property taxes.

In exchange, Macy's has promised to create a minimum of 600 jobs. State officials have previously said that the packaging center would employ about 1,200 people full-time and another 700 seasonal workers.

White noted that Macy's has hired a Jackson, Tenn.-based contractor, H & M Construction Co., to build the distribution center in Berkeley County. White wants state officials to ensure that West Virginian construction workers get hired onto the project since the state is giving Macy's significant tax breaks.

"The people in Tennessee are really thankful West Virginia is going to employ their folks," White said. "When we're using West Virginia tax dollars, we should pay attention to West Virginia workers."

Later Thursday, White released a tentative agreement between Macy's and the Berkeley County Commission. Under the agreement, Macy's won't have to pay property taxes on distribution center's equipment for 15 years.

Also, Macy's doesn't have to pay sales tax on construction materials the company buys to build the facility. Nor will Macy's have to pay sales taxes on equipment installed at the warehouse during construction.

In turn, Macy's has agreed to pay Berkeley County \$900,000 during the seventh, eighth and ninth years after the distribution center opens, according to the draft "payment in lieu of taxes" agreement.

During years 10 through 12, Macy's will pay \$1.25 million, and \$1.5 million from the 13th to 15th

year of operation.

State Commerce Secretary Keith Burdette, who heads the state Economic Development Authority board, said state officials weren't privy to the details of Macy's incentive package.

"It may have been discussed with us, but the specifics of the agreement were done locally," Burdette said.

White criticized Burdette for telling state lawmakers earlier this year that a bill that gave sales tax breaks to companies that bring multimillion-dollar warehouse projects to West Virginia wouldn't benefit Macy's.

Burdette said the House of Delegates amended the bill to include the Macy's project.

Macy's plans to use the distribution center to package and ship products ordered by customers on the Internet.

Also Thursday, the Economic Development Authority:

- *Approved an "inducement resolution" that commits the agency to authorize up to \$3 billion in bonds to finance a coal-to-liquids gasification plant in Mingo County.

The TransGas project, originally announced in December 2008, will create up to 400 full-time jobs, said project manager Randall Harris. The plant is expected to turn 8,500 tons of coal into 18,000 barrels of gasoline per day. It would be located atop a former surface mine near Wharncliffe.

"The project will still have to come back to this board to request that we authorize the bonds," said David Warner, the Development Authority's executive director. "The resolution gives them the OK to continue their due diligence. The state would take no financial responsibility for the repayment of the bonds."

Scientists and environmental groups have criticized the goal-to-gas technology, saying it produces twice the greenhouse gases of gasoline. The process generates carbon dioxide when coal is turned into liquid fuel, and then when that fuel is burned.

Harris said construction on the plant would start in June and take about five years to complete.

- *Approved a request to transfer a \$3.2 million agency loan from Aluminum Services to Scott Aluminum Corp. Aluminum Services used the loan to purchase equipment from the former Precision Coils aluminum factory in Clarksburg, which closed a year earlier.

Scott Aluminum, which is headquartered in Chagrin Falls, Ohio, now plans to buy Aluminum Services, Warner said. The sale is expected to close in May.

Reach Eric Eyre at erice...@wvgazette.com or 304-348-4869.