

Fight For IL Boeing Plant Fizzles

DAVID MERCER, Associated Press

CHAMPAIGN, Ill. (AP) — Illinois has joined more than 20 other states trying to lure Boeing's production of the 777x airliner out of Washington state, but the company's long list of requirements could prove expensive.

But beyond expense, aircraft industry analysts say Illinois — home to Boeing's headquarters but very little of its production — doesn't have what the company needs. Illinois is making its pitch amid an ongoing debate about when tax breaks and other perks for businesses make sense, another factor that could complicate the state's case.

Boeing asked for proposals from interested states after union workers in Washington state rejected a new contract offer. At least 22 states responded, hoping to land a plant that would employ up to 8,500 people.

Illinois economic development officials sent the proposal last week. They declined to discuss details, including whether it includes tax breaks or other measures that would require legislative approval.

"We think it's a pretty compelling proposal for a company that has Illinois as its headquarters," said David Roeder, a spokesman for the state Department of Commerce and Economic Opportunity, the agency that provides most tax breaks and other incentives in Illinois.

But Richard Aboulafia, a longtime aircraft industry analyst, is among industry watchers who don't believe Illinois has a chance.

"Zero, zilch, nada. Worst (possible location) I've heard yet, apologies to Illinois," he said.

The state, he said, has almost no aerospace production or workforce with industry experience and has a heavy, strong union presence unlikely to appeal to Boeing as it goes through tense labor negotiations in Washington.

Illinois is also short on several requirements Boeing wants any new home to provide, aerospace industry consultant Scott Hamilton of Leeham Co. said.

"They're asking for the moon," Hamilton said.

Those requirements include a site adjacent to a "major international airport," one with a runway at least 9,000 feet long, according to a copy of the company's site selection criteria obtained by The Associated Press.

There are only a handful of such runways in the state, among them O'Hare

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International Airport in Chicago and MidAmerica St. Louis in Mascoutah, Ill., a money-losing airport just east of St. Louis.

The area around O'Hare has almost no available land, said Brent Pollina, vice president of Pollina Corporate Real Estate in suburban Chicago.

Boeing also wants 300-400 acres of land "at no cost, or very low cost," and buildings totaling several million square feet under the same or similar terms.

Without offering details, the company says it would like its corporate income tax, property tax and other taxes to be "significantly reduced."

In Missouri, another state making a pitch to Boeing, the Legislature agreed to a package of \$1.7 billion in tax breaks, and St. Louis County offered another \$3.5 billion in perks.

Others have put the value of what Boeing wants in land, buildings and infrastructure at several billion dollars or more.

Roeder declined to comment on whether Illinois' offer would require legislative action. But that possibility raises another potentially difficult hurdle for the state.

Lawmakers this month declined to act on incentives for several companies. And House Speaker Mike Madigan, an influential Democrat who in the past hasn't raised objections to tax breaks and other corporate incentives, last week said it's time for the state consider a new system for evaluating the incentives it offers and how well they work.

But in this case, Madigan spokesman Steve Brown said, Madigan believes it makes sense for the state to make Boeing an offer, even if it doesn't succeed.

"It's always worthwhile to test the waters, especially a state that has as many resources as Illinois does overall," Brown said, citing, among other things, the state's transportation infrastructure.

Hamilton agrees, pointing out that making even a longshot pitch might be a good way to get the attention of other companies, or perhaps draw something else to MidAmerica and change its fortunes.

But Fred Giertz, an economist at the University of Illinois who has followed the state's recent financial troubles, says a pitch to an aerospace company is something state might as well have skipped.

"Illinois simply doesn't play this game," Giertz said. "And that's not a bad thing. The state can't do everything."

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