

Cleveland-area officials announce plan to provide \$14 million to industrial paint giant Sherwin-Williams

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12 February 2020

On February 6, officials from the Cleveland area released a proposal to provide a \$14 million grant to Sherwin-Williams, a Fortune 500 company with operations across the US and internationally that produce and retail paint and building material. The grant was negotiated in exchange for the company keeping roughly 3,500 jobs in Cleveland and other cities in Cuyahoga County for at least five years.

The previous day, Sherwin-Williams had announced that it would remain based in northeastern Ohio and would be constructing a new 1-million-square-foot headquarters in downtown Cleveland and a new research and development (R&D) facility in the suburb of Brecksville. The company has estimated that the new facilities will be completed by 2023.

The announcement also officially ended a Sherwin-Williams search for a new location for its headquarters, which the company had declared in September. During the search, the company expressed that it was considering moving out of Cleveland, where the company had been based for more than 150 years, to relocate to other parts of Ohio or possibly to other states.

The \$14 million proposal was introduced to the County Council on Tuesday by County Executive Armond Budish, and the council is planning on holding a hearing on the proposal in coming weeks.

Budish had previously stated, “We have to keep Sherwin-Williams here. It would otherwise be very horrible for the county if they picked up and left. So it was incumbent on us to come up with an agreement.”

Frank Jackson, Cleveland’s Democratic mayor, said on February 6, “In terms of dollar amount and duration, it [the incentive package] will be higher than others we

have done while I’ve been mayor.” Jackson has been mayor of Cleveland since 2006, and has also speculated that the package might be the largest in the city’s history.

According to details of the incentives package, the county would pay \$5 million from its economic development fund, \$2 million from its community development fund, and \$7 million from general fund reserves. The proposed grant would be used to pay for construction of the new buildings, but the county would be able to take a portion of the money back if Sherwin-Williams does not fulfill a job-retention requirement.

At the Cuyahoga County Council meeting yesterday, further details of about other potential incentives to be handed to Sherwin-Williams emerged. The county could provide a potential \$2 million loan to the company to redevelop the Landmark Office Towers, which the company owns, and a separate loan of up to \$250,000 to help cover costs related to environment remediation.

The second loan would be dependent on on the Environmental Protection Agency deeming the company eligible, as well as Sherwin-Williams requesting the loan. The county is also in discussion with Sherwin-Williams over improvement plans for Cleveland Hopkins International Airport, and a proposed microgrid project that would provide a back-up source of power for part of downtown Cleveland.

JobsOhio—the statewide economic-development corporation—has stated that it will also be providing additional aid to the company, which posted \$1.5 billion in net profits last year, but has not disclosed details about its offer. Republican Ohio Governor Mike DeWine was quoted in Sherwin-Williams’s news

release as stating, “The state of Ohio, JobsOhio and our regional and local economic-development partners have been focused on keeping one of Ohio’s leading companies right here where they belong.”

Sherwin-Williams has an estimated \$53 billion market cap and employs roughly 6,000 people throughout Ohio, with the majority working in the northeast part of the state. According to the statements by the company, the new headquarters and R&D buildings combined will employ 3,500 workers, and an additional 400 jobs could be added to the region.

Less than a week before the announcement of the grant, Sherwin-Williams laid off 30 janitors—some of whom had worked at Sherwin-Williams for over 15 years—by switching to a different contractor. The janitors, who were paid a meager wage of \$12 to \$15 an hour based on a contract negotiated by Service Employees International Union (SEIU) Local 1, have been replaced by janitors who are paid even less.

Tiffany Gallego, a janitor at Sherwin-Williams, told the *Plain Dealer*, “I don’t feel they deserve our money, the taxes we pay.” Despite the opposition by janitors, the SEIU had limited its actions to lobbying the company and appealing to Mayor Jackson, the Cleveland City Council and Cuyahoga County Council.

The response by officials on the city, county and state level to the hint of Sherwin-Williams relocating is a reflection of the subservience of both Democrats and Republicans to the major corporations and banks. As a result, both parties in every level of government respond to any pressure from these corporations by either appealing to them to relocate in their area or, in this case, remain.

John Boyd, principal member of the Boyd Company, which specializes in corporate relocation, told the *Charlotte Business Journal* that “It’s possible” that the company threatened to leave in order to extract money from the city and state governments, and that companies moving headquarters had become “the new normal” after cities put out historic bids to win Amazon’s second headquarters in 2018. During Amazon’s bidding process, cities and states offered the \$1 trillion company hundreds of millions of dollars in incentives for the company to establish its second headquarters in their locations.

While Amazon’s rapid growth has put pressure on areas like Seattle and exacerbated the housing crisis,

the possible pullout of Sherwin-Williams from Cuyahoga County essentially holds thousands of jobs and taxable income hostage to demand massive payouts in an area that has been hit hard by decades of deindustrialization.

Following the announcement that the company would build a new R&D facility in Brecksville, Sherwin-Williams disclosed that it would consolidate by relocating 400 workers from its Warrensville Heights location, which is also located in Cuyahoga County. Employees from Sherwin-Williams provide an estimated \$1.2 million in annual income tax to the city’s roughly \$20 million annual budget. The city’s mayor, Brad Sellers, has admitted that this would have a major impact on the city’s budget since it would be losing one of its top five taxpayers. It is currently unclear what impact the relocation will have on the city’s school district.



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