

# General Motors receives 75 percent local tax abatement for Lordstown battery plant

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General Motors will receive a 75 percent local tax abatement over 15 years for a new battery plant next to the shuttered Lordstown Assembly Plant in northeast Ohio. The historic Lordstown plant, which operated for 50 years, was one of four US facilities shuttered by the company last year.

The closures were ratified by a sellout contract engineered behind closed doors with the United Auto Workers, which was forced through after the 40-day strike last year by nearly 50,000 GM workers. In order to save face and shield itself from media criticism, GM sold the Lordstown plant to a startup, Lordstown Motors, which hopes to eventually use the site to manufacture electric trucks. However, the company has never manufactured a single car and these plans may never come to fruition.

The new battery plant will employ only 1,100 workers, a quarter of the more than 4,000 who once worked at the Lordstown plant. The plant, which GM will jointly operate with the Korean company LG Chem, will operate on a separate UAW contract making poverty wages of between \$15 and \$17 per hour. Moreover, the new plant is not scheduled to come online until 2022.

However, as is the norm for investments by major US companies, the project was contingent upon extracting massive tax breaks from the local government. The Village of Lordstown government is already hurting from loss of tax revenue stemming from the closure of the assembly plant last year. It is unclear from reports what the ultimate dollar value of the tax abatement is expected to be, but it will easily be in the millions. The overall cost to build the new plant is \$2.3 billion.

Under state law, a tax abatement of this magnitude requires approval from the local school board, which has been provided. The local government is asking the

school district to cede to it its share of the income tax revenues from the new plant, expected to be \$450,000 per year.

Local environmental groups have also expressed concern over the plan of development. The 158-acre footprint of the plant includes 66 acres of wetlands. At a meeting with local environmentalists last month, GM officials said that their decision to build on undeveloped land rather than “brownfield” land stemmed from their desire to push through the project as quickly as possible. The plant will produce batteries for new electric vehicles, an emerging and intensely contested segment of the auto market into which GM has poured billions of dollars.

The massive tax concessions in Lordstown are only the tip of the iceberg of corporate America’s looting of public money. GM is set to receive \$2.28 billion in tax cuts from the state of Michigan through 2029. General Motors has also paid virtually no federal income tax since it came out of bankruptcy in 2009, during which it received a \$49.5 billion federal bailout. The chief mechanism for this, according to a report last year in the *Detroit Free Press*, is a mechanism in US tax law called “loss carryforwards,” which allow companies to deduct losses from previous years from their current tax liabilities. A former GM executive told the newspaper that the company would continue to pay zero income tax “for the next several years.”

This money is being forked over to General Motors in the name of “job creation” in spite of a global jobs massacre in the auto industry. In 2018, GM announced 14,000 layoffs in the United States, including 8,000 white collar jobs. Its US workforce of 48,000 hourly workers is less than 10 percent of the 511,000 GM workers at its peak four decades ago.

Elsewhere in the industry, Ford announced 7,000

white collar job cuts worldwide and 12,000 layoffs in Europe last year. Its disastrous 2019 financial report has created renewed pressure for the company to accelerate the pace of layoffs. Currently, around 100,000 layoffs are currently being planned by automakers worldwide.

In the US, at least 60 Fortune 500 companies paid no income tax in 2018, according to the Institute on Taxation and Economic Policy. Together these companies would have paid \$16.4 billion in taxes if they paid the nominal rate of 21 percent. This list includes online shopping giant Amazon, whose market valuation is roughly \$1 trillion. Amazon's public bidding war from local governments for the site of its second headquarters, or "HQ2," produced one of the most naked expressions of the domination of major corporations over American society. The ultimate cost to state and local governments for HQ2, which will be built in a suburb of Washington, DC, will be \$4.6 billion.

The current 21 percent corporate income tax rate, less than half of the 52.8 percent rate in the 1960s, is itself the outcome of decades of successive tax breaks for corporations. It was slashed by 35 percent to the present rate in the Trump administration's tax cuts in 2017. While no Democrats voted for the bill, the cutting of taxes for major corporations and the wealthy is a bipartisan policy. Democrats themselves offered an alternate plan which would have cut corporate tax rates to between 25 and 28 percent.



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