

Investment Fail: “Economic development” deals that flopped

After the headlines, after the press releases and fanfare, where do all these investments go? Some of them go south and take millions of tax dollars with them.

- In 1994 lawmakers invested \$17 million in Air South. Three years later the company went bankrupt and 700 South Carolina workers were laid off.
- In 1997 Marine Energy Systems was promised enormous taxpayer-funded incentives. The company announced the creation of 700 jobs. Less than three years later, the company was bankrupt.
- In 1998 Western Star Trucks was offered a massive investment package that included a reduced fee in lieu of property taxes and \$25 million in exchange for 400 jobs in North Charleston. Two years later the plant closed.
- For two decades politicians gave millions – in cash – to Policy Management Systems Corp. In 2000 the company laid off 700 workers, was bought out, and the new company laid off 550 more.
- South Carolina taxpayers have spent more than \$100 million on a new “research park” called “Innovista.” Politicians promised it would attract millions of private sector investment dollars. Today, the buildings are unfinished and largely empty.
- More than \$40 million in state and local tax dollars have been spent in the Midlands alone to develop the “hydrogen economy.” Two hydrogen fueling stations cost \$1.45 million. There are only two hydrogen-powered cars in the state, one of which costs more than \$100,000.
- Inspiration Network moved to Lancaster County after receiving up to \$26 million in incentives from South Carolina. By 2009 the company was laying off workers, freezing wages, and stopping 401(k) contributions.
- A \$40 million deal brought electric bus-manufacturer Proterra to Greenville County. The company announced that it would create 1,300 jobs. After financial troubles – including the conviction of a major investor on fraud charges – that number was recently reduced to 400.
- In July of 2010, South Korea-based electric car manufacturer CT&T announced with great fanfare that it would build a \$21 million assembly plant in Duncan and bring in 370 jobs. Almost two years later, neither plant nor jobs have come to Duncan.
- Amy’s Kitchen, which announced in May of 2011 that it would build a \$63 million manufacturing plant and bring 700 jobs to Greenville County, has postponed its plans indefinitely.
- In 2011 the Senate voted to give the Institute for Business and Home Safety – an organization that was already operating in South Carolina – roughly \$1 million in retroactive tax breaks.