Oconee set to finalize offer to Michelin

$175M deal would lower assessment, lock millage for 40 years

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BY STEVEN BRADLEY
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WALHALLA — Oconee County Council can finalize its side of a deal tonight to make Michelin the first tenant at the Golden Corner Commerce Park near Fair Play.

Council will hold a public hearing on Ordinance 2014-29, which authorizes a fee-in-lieu-of-tax and incentive agreement between the county and Michelin North America, Inc., a company previously identified as Project Sarah in council chambers, and then take third and final reading of the ordinance.

As previously reported, a legal notice of the public hearing that ran in the Nov. 29 edition of The Journal, confirmed Project Sarah and Michelin North America to be one and the same.

MICHELIN: 'They have not inked the line'

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Michelin would invest up to $250 million as part of the project over a five-year period and hire up to 150 or 170 employees at an average wage of $22.50 per hour.

Council's passing of third and final reading tonight would give the project the approved incentive documents, so Michelin would have assurance of getting the incentives it requested as part of the package.

County administrator Scott Moulder said his understanding is Michelin's final decision would not come until after the first of the year.

"We can't say one way or the other how confident we are about winning the project," he told The Journal on Monday. "We're providing them everything that they are asking for, including the incentive documents, to give them everything they need to make their decision. But they have not inked the line yet, so it's not an end product."

The fee-in-lieu-of-tax agreement would reduce Michelin's assessment ratio to 6 percent from the standard 10.5 percent industrial rate and also give the company a fixed millage for the full term of the agreement.



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Michelin North America, Inc., would be the first tenant of the Golden Corner Commerce Park near Fair Play if it opts to agree to an incentive agreement that Oconee County Council can give final approval tonight.

The ordinance reads that "the annual Negotiated FILOT payments shall be payable for an aggregate payment period of forty (40) years, which period shall be comprised of an initial period of thirty (30) years and an automatic extension period of ten (10) years."

In return, Michelin would create at least 30 new, full-time jobs in the county and invest at least $175 million in the project, which could be up to $250 million by its completion.

"(The attorneys on behalf of the companies) always like to estimate those low just to make sure they can meet it for claw-back purposes — because there are claw-back provisions in those documents," Moulder said. "If they don't do what they said, then they claw back all the incentives, and they are required to pay for those."

The compliance period runs for five property tax years, through Dec. 31 of the fifth year after the project is placed into service. So if the project were placed into service in 2016, Michelin would have through Dec. 31, 2021, to make the requisite investment and create the promised jobs.

The incentive agreement also gives Michelin special source credits against its tax bill, an incentive Moulder said he believed would only be in effect for 10 years.

"It basically gives you a credit off the top of your taxes equal to a certain percentages of their taxes," Moulder said. "So if your tax bill is $100, and you get a special source revenue credit of 30 percent, your tax bill that you have to pay is $70."

Of course, Michelin's tax bill would be significantly more than $100 — so much more, in fact, that Moulder agreed it could be a major step toward quelling the uncertainty over the long-term future of Duke Energy's Oconee Nuclear Station in the county.

"Everybody keeps talking about life after Duke, and this would be a huge boost to filling that number for life after Duke," he said. "So each one of these we win, you're building additional industrial assessments in the county."

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