Project Wales identified as BASF expansion

Seneca project scheduled to bring capital investment of up to $60M

BY GREG OLIVER
THE JOURNAL

WALHALLA — BASF was officially unveiled Tuesday night as the company behind Project Wales — a project approved by Oconee County Council to receive a fee-in-lieu-of-tax agreement for an expansion that has been valued as a capital investment between $30 million and $60 million.

County officials told The Journal the expansion will be formally announced by the South Carolina Department of Commerce today as a $60 million project.

A cost/benefit analysis of the project states that the new building, to be constructed at the current BASF site in Seneca, will cost $1 million, while the other $59 million will be equipment costs. Total net costs of the project, state and locally, are estimated at $427,537 in the first year and $2,154,437 by the 20th year. Total local net benefits are estimated at $25,125,240 in year one — $365,240 local and $24,760,000 for the local economy — and $25,237,730 by the 20th year — $1,988,903 local and $23,248,826 for the local economy.

The first year of local government costs would see fee-in-lieu-of property taxes total $102,498, and $730,016 by the 20th year, as well as a multi-county park split of $7,928 in year one and $41,433 by the 20th year and special source of $317,111 the first year and $1,382,988 by year 20.

Local government benefits include $792,777 in direct property taxes in year one and $4,143,340 by the 20th year.

A public hearing preceded Oconee County Council's third and final reading of an ordinance authorizing the agreement. Susie Cornelius was the only person to speak, saying her opposition was not directed at BASF but to fee-in-lieu-of-tax agreements in general.

"Fee-in-lieu-of assessments come from the

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Paul Cain
Oconee County Council chair

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state, and they don't have to deal with fluctuating assessment like we do," Cornelius said. "It puts it all back on small, private business, commercial property and people paying taxes here."

As part of the agreement, BASF would have five years to invest the required amount, and the amount of total investment over that period would determine the size of the special source credit against the company's tax liability.

Should the company's capital investments exceed $30 million over that five-year span and be maintained for at least 10 years, it would receive a 20 percent special source credit against its property taxes. That amount would increase to a 40 percent credit against its taxes if the company reaches the $60 million level of investment over the same period.

Oconee County economic officials have already said the economic development project won't add any new jobs, though it will allow existing jobs to be retained at the BASF plant, formerly known as Engelhard.

Will Truesdale, manager of the BASF Seneca plant, said the project was a competitive one.

"This (agreement) shows the support you gave us," Truesdale said. "We employ about 475 people in Oconee County, and the more we show (the company's German headquarters) we can bring in new projects, it gives us more leverage in the future.

"Thank you for the incredible support you give us."

Council chairman Paul Cain said he is pleased that Oconee County will benefit economically from BASF's expansion.

"We know they're investing a lot of money in Oconee County, and we're grateful for that," Cain said.

In other business, county council voted 3-2 to amend the third reading ordinance of the proposed FY '17 budget. Council instead will hold two public hearings — the first scheduled for Tuesday night at the School District of Oconee County offices, due to the statewide primary election, and followed by a second public hearing June 21. The June 21 meeting is expected to be followed with a final vote on the budget, which will go into effect July 1 and run through June 30, 2017.

Steven Bradley contributed to this report.