



EXECUTIVE SUMMARY

MARCH 2022

Economic Development

Making the most of Intel for everyone

Ensuring maximum benefits from the corporation's Ohio deal

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Intel Corporation's announcement that it would spend \$20 billion to build two semiconductor plants in Ohio is good news for the state's economy. It also represents the largest economic development deal in Ohio's history. The DeWine administration is promising a total of more than \$1.9 billion in cash, infrastructure investment and future tax breaks, and that doesn't include another \$150 million from JobsOhio, the private economic development entity, and local property-tax breaks. A significant share of these incentives will require approval by the state legislature.

The giant state spending to support the deal, and local property tax breaks, should come with measures to ensure a maximum of benefits for Ohioans. At a minimum, the General Assembly should make certain that:

- At least 80% of all the Intel jobs go to Ohioans.
- Intel reports annually on key measures, including full- and part-time jobs created, the demographics of its Ohio workforce, wages and benefits paid, capital invested, and others.
- All Ohio employees are paid family-sustaining wages and benefits.
- Intel meets its own corporate diversity goals, makes specific commitments to hire people of color in line with the demographics of the Columbus metropolitan area, and engages in targeted hiring of people from high-poverty census tracts in Ohio.
- The company is in compliance with all federal, state and local laws.
- Intel will repay monies received if it does not make good on its promises or is not in compliance with such laws.
- A meaningful, robust process is created for including the public so that community benefits from this huge public expenditure are maximized. This includes taking into account its effects on schools, housing, transportation and the environment, among other things. Legislation should include a specific program for monitoring the impacts of the development.
- Intel, which has pledged \$100 million over 10 years to help colleges and universities develop curricula and the like, should be asked how it will support K-12 schools as well.

Similar requirements, and more, have been enforced at big developments across the country receiving major public support like Intel has been promised in Ohio. The corporation is to receive \$600 million in a “reshoring grant,” which the General Assembly will have to approve. It also will benefit from \$691 million in infrastructure, including \$101 million on water and wastewater capacity, \$300 million on a water reclamation facility and \$290 million on roadwork. And because lawmakers expanded tax breaks in last year’s state budget bill, it will be eligible for a 30-year tax credit where it in effect receives much of the state income tax paid by its employees. That is estimated to add up to \$650 million.

The DeWine administration agreed to pay the bulk of these incentives up front — effectively betting that Intel will come through on its promises. It could very well do so, and of course Ohioans are all hoping it does. However, it’s no sure thing. As recently as last year, some investors thought Intel might spin off its manufacturing facilities. The company has fallen behind key competitors in semiconductor technology, and the Ohio plants along with other big investments announced by its new CEO are an attempt to regain the lead. If the company succeeds, it could invest \$100 billion and Ohio could become the site of its biggest production operations. But if history is a guide, it may not be a smooth ride. In 2016, for instance, Intel announced it would lay off 12,000 employees, or 11% of its workforce, as it shifted away from its dependence on demand for its products in personal computers.

Ohio’s own experience with economic development incentives, including recent payments made by General Motors to the state after it shut down its Lordstown assembly plant and failed to make good on its job promises, underscore the need for such clawbacks. Lydia Mihalik, director of the Ohio Department of Development, cited possible clawbacks if Intel does not deliver on its commitments and said at a press conference that Intel would provide an annual report on the project’s status. She also said there would be conversations with stakeholders about the project. These steps are welcome, but more is needed.

Ohioans should be the chief beneficiaries of the jobs Intel creates. In New Mexico, as part of a revenue bond that supported its investment, Intel committed that at least 60% of the people it hired to work at its Rio Rancho facility would be state residents for at least one year. Ohio is a much larger state with a far bigger workforce than New Mexico, so it is reasonable to set a higher target of 80% for hiring of state residents.

The General Assembly must adopt legislation to maximize the value of Intel’s landmark investment. Governor DeWine and the General Assembly must step forward to include measures to protect the state and its residents, and to ensure that the benefits flow to all Ohioans.