Ford nabs $884 million incentive package for EV ‘mega campus’

Tennessee lawmakers have approved an $884 million incentive package for the “mega campus” near Memphis where Ford plans to make batteries and electric vehicles, according to the *Tennessean*.

The money – which is coming from Tennessee’s current $2.1 billion budget surplus – is the single largest investment in the history of the state. It comes at a time when many major automakers are looking to build new facilities in the US dedicated to EVs, batteries, or other supply chain components necessary for electric vehicles.

Ford itself has committed to spending more than $5 billion on the Tennessee project with South Korean battery company SK Innovation, which it calls “Blue Oval City.” Ford is also simultaneously spinning up battery factories in Kentucky.

A $500 million grant, plus hundreds of millions more marked for construction costs

Ford will get $500 million in the form of a grant. The rest is being allocated in a few different ways – the result of a special session held this week where state legislators haggled for three days. The state will commit $200 million for road construction around the site and $138.2 million for other infrastructure and demolition work. Another $40 million will go to building a Tennessee College of Applied Technology site near the campus, and $5 million is being offered up for legal services.

Lastly, $745,100 will go toward starting a governing body called the “Megasite Authority of West Tennessee.” It will consist of 11 members, including Gov. Bill Lee, the state’s House Speaker, and the lieutenant governor. This board will be able to guide land acquisitions, including the ability to use seize private land using eminent domain, though owners have to be fairly compensated. The board will also oversee water management and other contracts related to the project.

Ford has said the Tennessee campus will stretch nine square miles and will be the biggest facility it has ever built — far eclipsing even its historic River Rouge complex in Michigan (where Ford plans to build the F-150 Lightning). The company claims Blue Oval City will create 6,000 new jobs, though Gov. Lee’s office said this week that the state expects 27,000 jobs to be created when counting “direct, indirect, and induced” roles. Tennessee says it expects the project to generate $22.4 million per year in state tax revenue but $1 billion in annual earnings for the state.

An 11-person board will oversee the project
Ford evaluated a few different sites before landing on Tennessee earlier this year. CEO Jim Farley said two main reasons were the low cost of energy in the state and the availability of an undeveloped site with no environmental problems. (Officials in Ford’s home state of Michigan have not been too happy with the decision.)

Tesla helped supercharge the trend of big incentive packages for EV plants in 2014 when it pitted multiple states against each other as it searched for a home for the original Gigafactory. The gambit worked, as Tesla netted a $1.3 billion incentive package from Nevada — the largest that state had ever given out at the time. More recently, though, Tesla turned down a potentially massive incentive package from Tulsa, Oklahoma, in favor of building its newest factory in Austin, Texas, where it received just a few million dollars in tax breaks.

Ford is not alone in this effort, as there are a handful of similar factory projects underway as automakers spend billions to create new electric vehicle lineups. GM has announced plans for multiple battery factories in the works with LG Chem (one was even rumored to be in Tennessee at one point), and both Mercedes-Benz and Toyota have recently said they will build battery factories, too.

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