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Bowling Green Business: The Incentives Inciting Economic Growth

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BOWLING GREEN BUSINESS: THE INCENTIVES INCITING ECONOMIC GROWTH

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HONORS PROJECT

Submitted to the Honors College
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PREFACE

Towards the end of Spring 2018, I was approached by a peer of mine, asking me if I wanted to be his successor for an internship position with the Bowling Green Economic Development Foundation (BGEDF). Hesitant at first considering my already egregious work load and list of obligations, I ultimately accept the job as I envisioned the experience to be an enlightening one, and also not minding the fine paycheck. Working as an economic development intern under the vivacious and very conversant BGEDF Director Sue Clark was nothing less than eye-opening and an experience revolving around economics I've been seeking to have.

Initially I felt unprepared to serve in this capacity, citing my lack of experience with economics and the fact I only studied the field as a minor at Bowling Green State University. Nevertheless I wanted to study economics and have work opportunities in economics for a key reason: economics challenged me. I found my work in journalism and political science as an undergraduate student to be largely intuitive for me, illustrating how those fields of study were perfect for my skill sets and interests. However, not only did I know a background in economics would compliment my goals to be a future policy maker, but I also wanted to study it because it scared me as a discipline. Economics presented itself to me as a difficult discipline to master, and its challenging concepts only made my fascination with it grow.

As an economic development intern, I learned an immense amount about the innerworkings of local economic development, and the interactions that are required to attract as well as keep businesses in a city. I was immediately given access to a plethora of information regarding manufacturers in Bowling Green, including contact information, employment data, revenue, business type, and more. I was given several different tasks like emailing franchising agents for different companies and conducting interviews for stories. I gathered data about local

manufacturers and compiled them into spread sheets. And I worked closely with several partners that help keep the BGEDF operations running smoothly and effectively.

One task I was given early on during my internship, however, that was particularly meaningful was a mini conference hosted at the Betco Corporation. This conference called together several local leaders to discuss the future of economic development in Bowling Green, and work to resolve certain issues that the City was enduring. One such issue was dwindling numbers of available skilled and unskilled labor for manufacturing positions. Several ideas were passed around at the meeting about collaborations between certain institutions, companies, and people to build programs increasing the number of workers in the City. However, an idea immediately came to mind for me: a partnership program with the University.

It was this conference and my internship with the BGEDF that sparked my desire to not only conduct my research regarding local economic development but also form the first annual City of Bowling Green Job Fair. The Job Fair was designed to be the event that connected the University's students and the City's manufacturing companies to address the lack of labor for manufacturer's as well as common issues University students face. By networking students and the local companies together, it could potentially provide manufacturers with the labor they need while also presenting students with work experience opportunities that could accelerate their careers. The close proximity of the manufacturers could allow students to work during the school year, and also give students an incentive to stay in Bowling Green to work over the summer as well as potentially reside in the City post-graduation.

My honors project research follows the work and inspiration of the Job Fair I initiated, and I hope to continue research in this field in my graduate school career and future work experiences.

PART I

INTRODUCTION

On January 18, 2018, Amazon announced the 20 finalists of a pool of 238 candidate cities competing for the company's second headquarters. The bids for Amazon's new campus, projected to bring one lucky city 50,000 new jobs and approximately \$5 billion in direct development revenue, encapsulated unprecedented displays of economic incentives and pitches from local governments to lure the giant corporation into their city.¹ The most common pitches seen among the 20 final contending cities were tax incentives and abatements; Newark, New Jersey made the largest bid of all the initial 238 contenders with \$7 billion in tax incentives.² Columbus, OH joined in offering Amazon tax incentives with tax breaks for 15 years, including 100 percent property tax abatement, and a 35 percent income tax refund.³ Though some cities left their bids a secret, approximately half of the bids involved a tax incentive of some kind. Other common incentives included development grants, promises for business and office space, and emphasis on great communities and ready work forces.⁴

However, there were some unusual, some might even consider gimmicky, strategies made by local municipalities to incentivize Amazon. Washington, D.C.'s local leaders pitched creating an "Amazon University," which would train and create a direct pipeline of people to

¹ David J Goodman, "Amazon Pulls Out of Planned New York City Headquarters," The New York Times, February 14, 2019.

² Alfred NG, "Here's what the final 20 cities offered Amazon for HQ.," CNET, January 18, 2018.

³ Alfred NG, "Here's what the final 20 cities offered Amazon for HQ."

⁴ Alfred NG.

work at Amazon.⁵ The city of Boston pitched an "Amazon Task Force" in its bid, essentially creating paid city staffer positions whose sole purpose is to represent Amazon's interests to Boston's government.⁶ And in Stonecrest, Georgia about 20 miles east of Atlanta, the mayor offered to rename it "Amazon" and make Jeff Bezos the permanent mayor, just to name a few examples.⁷ In addition, regardless of the other types of bids cities offered, newspapers and broadcasters put the spotlight on mainly the tax incentives each city provided, illustrating how important those tax incentives may seem in Amazon's decision.

Amazon eventually decides upon two locations, New York City, NY which offered the tech giant nearly \$3 billion in government economic incentives and Arlington, VA. However, these offered incentives in New York were followed with both high praise and torrid opposition. While approximately 25,000 jobs and a direct monetary boost to the city and state's economy are clear benefits, protests immediately broke out over Amazon's decision with opponents citing certain economic and moral ramifications of providing a company as wealthy as Amazon with government subsidies and tax breaks.⁸ Labor unions and key progressive political figures, like Representative Alexandria Ocasio-Cortez, spearheaded the opposition.⁹ As a result, Amazon rescinded its decision to place a HQ in New York and is now going to be based solely out of Arlington, VA.

While Amazon may be an extraordinary case, the events of cities competing to be the location for Amazon's second headquarters through economic incentives acts as a microcosm for

⁵ Alfred NG.

⁶ Alfred NG.

⁷ Alfred NG.

⁸ "Amazon's new Virginia headquarters get \$23M in county incentives, despite protests," Associated Press, March 17, 2019.

⁹ David J Goodman, "Amazon Pulls Out of Planned New York City Headquarters."

different incentivizing strategies local municipalities use as well as the consequences of those strategies. Availability of skilled labor, proximity to major markets, energy costs, building availability, state and local incentives, quality of life and community—there are several different influences on a company’s site selection choices, and some may be more effective or influential than others while some may be ineffective or cause problems.

In this paper I will explore local economic development concepts by researching my question: what characteristics of local, smaller sized municipalities and economic incentives offered by governments incite economic development through job growth and business attraction? To answer this question, in the next section of part I of my paper I conduct a literature review to provide a synthesis of information gathered regarding local economic development strategies, and the implications, effectiveness, and consequences of them. Following the literature review, in part II of this paper I used the city of Bowling Green as a case study and conducted interviews of top executives of three manufacturing companies in the City: Lubrizol Corporation, ERG Environmental Services, and Phoenix Technologies. Due to variance in the quantity of information gathered in each interview, I place a heavier emphasis on Lubrizol and allocate less time to discussing Phoenix Technologies and ERG Environmental Services. Despite the saliency of economic incentives like tax exemptions, abatements, and reductions, other incentives like location, availability of skilled labor, and quality of community life are the primary draws for businesses to operate in a specific local municipality.

LITERATURE REVIEW

A survey conducted by Area Development Magazine 2016 revealed the top site selection factors for companies when choosing where to do business.¹⁰ In reference to the Garner chart, State and local incentives and political factors like tax exemptions did not rank as highly as availability of skilled labor or quality of life/place among the companies surveyed. Tax rates only come in at number 6 on the list of factors surveyed, with other factors like occupancy or construction costs and location, including highway accessibility, even higher.

Certain research suggests that competition between municipalities, like in the Amazon case, through economic incentives can actually have a negative impact on development. According to one study, research reveals evidence that heavier incentive using cities face more competition, slower economic growth, and lower property tax revenue; competition raises the possibility that cities fighting hardest to increase economic development with traditional tools like tax abatements and exemptions may be trapped in a destructive competitive cycle.¹¹ As a result of the negative implications of economic incentive competition, some companies shift from a primary reliance on business incentives to broad strategies like attention to business retention and small business support.¹² And some local governments have moved away from firm-specific business incentives.

Expanding on the negatives of economic incentives, not only can certain incentives and policies be destructive but they can also have no effect or even reduce development. One researcher found:

¹⁰ Jay Garner, "Site Selection Factors The Critical Tools and Factors Used in Transportation and Logistics Locations Evaluations by Site Selectors," Garner Economics.

¹¹ Mildred Warner, Zheng and Lingwen, "Business Incentive Use Among U.S. Local Governments: A Story of Accountability and Policy Learning," *Economic Development Quarterly* 24, no. 4 (2010), 334.

¹² Mildred Warner, Zheng and Lingwen, "Business Incentive Use Among U.S. Local Governments: A Story of Accountability and Policy Learning," 334.

SITE SELECTION FACTORS AS NOTED BY COMPANIES		
Ranking	2015	2014**
1. Availability of skilled labor	92.9	82.1(5)
2. Highway accessibility	88.0	88.3(1)
3. Quality of life/place	87.6	N/A
4. Occupancy or construction costs	85.4	87.9(2)
5. Available buildings	83.7	82.2(4)
6. Labor Costs	80.8	81.6(6)
7. Corporate tax rate	78.8	75.6(10)
8. Proximity to major markets	76.3	77.1(8)
9. State and local incentives	75.8	73.2(11T)
10. Energy availability and costs	75.3	76.8(9)
11. Tax exemptions	74.7	73.2(11T)
12. Expedited or "fast-track" permitting	74.2	71.0(13)

Jay Garner, "Site Selection Factors The Critical Tools and Factors Used in Transportation and Logistics Locations Evaluations by Site Selectors," Garner Economics.

"The most robust result suggests that increasing the ability of governments to aid private enterprise has a negative effect on five-year rural county employment and no effect otherwise. At best, the availability of non-tax incentives may have a positive annual effect on urban employment levels, causing overall positive estimated annual effects when urban and rural counties are pooled."¹³

The effects of economic incentives were unclear in this case. Economic developers often find it difficult to quantify their work and prove effectiveness because of the ambiguity of their work.¹⁴

There's an incentive for economic developers to push policy makers to make accommodations or

¹³ Carlianne Patrick 2014, "Does Increasing Available Non-Tax Economic Development Incentives Result in More Jobs?" National Tax Journal 67 (2), 377.

¹⁴ Herbert Rubin, "Shoot Anything That Flies; Claim Anything That Falls: Conversations with Economic Development Practitioners," Economic Development Quarterly 2, no. 3 (August 1988), 249.

give special concessions to businesses so the developers can quantify their work, regardless of whether those policies are actually effective.¹⁵

In another study, however, researchers found conducting a survey that most manufacturers would prefer cities that reduce taxes affecting business taxpayers and their owners.¹⁶ Between two strategies, manufacturers were asked to select their preference; the first strategy would offer preferred select tax incentives to certain businesses, whereas the second strategy would offer overall reductions on taxes affecting business taxpayers and their owners.¹⁷ Approximately 14.5% of nonincented companies and 21.7% of incented companies stated it was better to offer select incentives to certain businesses, whereas 85.5% of nonincented companies and 78.3% of incented companies stated it was better to reduce taxes affecting business taxpayers and their owners.¹⁸ Here there the majority of executives in both groups favored reduced taxes over incentives, but there was still a statistically significant difference with respect to favoring reducing taxes affecting business taxpayers and their owners.

More significant criticisms against economic development exist. In reference to the Amazon case, there were certain moral questions raised to granting companies incentives, subsidies, and tax breaks. Using public funds to attract wealthy companies when those funds could be allocated elsewhere to people and other institutions like schools could use them is

¹⁵ Herbert Rubin, "Shoot Anything That Flies; Claim Anything That Falls: Conversations with Economic Development Practitioners."

¹⁶ Jolley, Lancaster, and Gao, "Tax Incentives and Business Climate: Executive Perceptions From Incented and Nonincented Firms." *Economic Development Quarterly* 29, no. 2 (2015), 183.

¹⁷ Jolley, Lancaster, and Gao, "Tax Incentives and Business Climate: Executive Perceptions From Incented and Nonincented Firms," 183.

¹⁸ Jolley, 183.

unethical to some.¹⁹ There is also concern that incentivizing certain corporations to do business leads to higher rent costs and contributes to the gentrification of neighborhoods.

PART II

In the early 19th century, western settlers were welcomed to northern Ohio by the Great Black Swamp, a marshy wetland that stretched 1,500 square miles from current day Lake Erie into northeastern parts of Indiana.²⁰ Mosquitos, malaria, quagmires—treks through the Swamp were burdensome and often perilous for early travelers, but the wetlands also gave the Midwest the most productive farmlands in the country.²¹ Today, the history of the Swamp is celebrated by its successors of a small city located in what once was the heart of the Swamp—Bowling Green, Ohio.

The City of Bowling Green might be considered extraordinary for arising out of once was what once was a treacherous region, but for a local, smaller municipality the City may not seem very special or attractive to outside observers. As of 2010, just over 30,000 residents call Bowling Green home, making it the largest city in Wood County.²² But what I consider to be more important to address is how many businesses call Bowling Green home and why. The availability of jobs and a means for income are one of the primary determinants of a city's population and economic growth.

As of 2012, there were 1,696 business firms in the City of Bowling Green.²³ And according to job posting statistics the number of available jobs and businesses boosting

¹⁹ David J Goodman.

²⁰ Michigan Radio, "From Wetlands to Farmland," YouTube video, 3:07. December 2, 2010.

²¹ Michigan Radio, "From Wetlands to Farmland."

²² "Bowling Green City Ohio," The United States Census Bureau. Last modified July 1, 2018. [https://www.census.gov/quickfacts/bowlinggreencityohio\](https://www.census.gov/quickfacts/bowlinggreencityohio)

²³ "Bowling Green City Ohio," The United States Census Bureau.

economic growth have been increasing.²⁴ From November 2017 to January 2019, on various websites, there were 22,566 job postings from companies operating within Bowling Green's city limits.²⁵ Of those 22,566 postings, 7,011 were considered "unique" based on the job description, required credentials, and affiliated benefits with the posted position.²⁶ Some of the unique positions included certified nurse aid for Wood County Hospital, Skipcart Delivery Driver, Alcohol, Drug and Mental Health Board of Wood County executive director, and contract administrator for Global Chemical Company.²⁷ Statistics show that the number of postings has been increasing steadily, with approximately 700 monthly active job postings in September 2016, to approximately 1,300 in January 2019.²⁸

The job posting analytic revealed that Bowling Green State University had the most postings, aligning with expectations considering it is the City's single largest employer.²⁹ However, manufacturing companies make up approximately half of the types of companies posting jobs in Bowling Green. According to the Bowling Green Economic Development Foundation (BGEDF), there are 48 manufacturers operating in the City.³⁰ For this paper, I will focus on three manufacturers', and through interviews with top executives determine which economic incentives were the primary draws for these companies to do business in Bowling Green.

²⁴ Job Posting Analytics 2019 Emsi Q1 2019 Data Set | www.economicmodeling.com

²⁵ Job Posting Analytics 2019 Emsi

²⁶ Job Posting Analytics 2019 Emsi

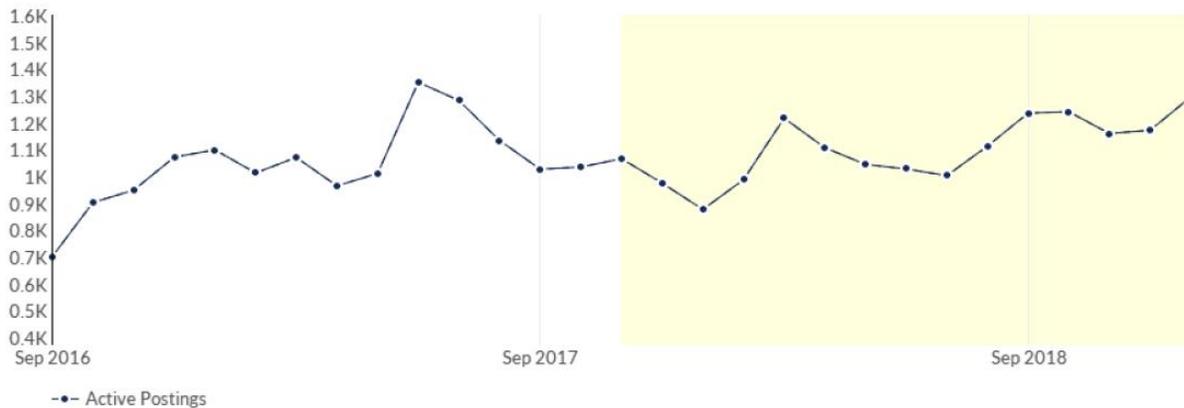
²⁷ Job Posting Analytics 2019 Emsi

²⁸ Job Posting Analytics 2019 Emsi

²⁹ Job Posting Analytics 2019 Emsi

³⁰ "Bowling Green Economic Development Members," Accessed May 10, 2019, <https://bowlinggreen-oh.com/members/>

Monthly Active Postings



Job Posting Analytics 2019 Emsi Q1 2019 Data Set | www.economicmodeling.com

PART II

LUBRIZOL CORPORATION

On April 20, 2010, when British Petroleum’s Deepwater Horizon oil rig exploded and sunk into the Gulf of Mexico, it leaked just over 3 million barrels of oil.³¹ The environmental disaster was tremendous, and governments along with private firms, non-profits, and non-governmental organizations sprung to the aid of the Gulf. One of those companies was the Lubrizol Corporation.³²

Owned by Berkshire Hathaway and headquartered in Wickliffe, OH, Lubrizol is a manufacturing corporation that produces fuel and oil additives, advanced materials like engine polymers, chemicals for skin products, and surfactants.³³ The Gulf of Mexico clean-up operation after the events of the Deepwater Horizon oil spill was one of Lubrizol’s many customers for their surfactants, which were used to help capture oil from the water. But Lubrizol’s production

³¹ The Ocean Portal Team. “Gulf Oil Spill.” Smithsonian. <https://ocean.si.edu/conservation/pollution/gulf-oil-spill>.

³² Matthew Paquette (Lubrizol Corporation Plant Manager), in-person interview, April 23, 2019.

³³ Matthew Paquette.

methods and diversity of chemicals and compounds stretch across the globe. With an annual revenue of almost \$7 billion, Lubrizol sells to over 100 companies around the globe, operating in 17 different countries and employing approximately 8700 skilled and unskilled laborers.³⁴ Seventy of those employees are at a plant in Bowling Green, OH.³⁵

The plant located on 1142 North Main Street that Lubrizol currently operates in Bowling Green was initially built and owned by a ball manufacturer and then was bought by another company that produced ketchup bottles in the mid-late 1980's.³⁶ However, that bottling operation was short lived, because Chemron Corporation, a surfactant manufacturer headquartered in Paso Robles, CA wanted to begin an operation in the Midwest.³⁷ Chemron was an expanding corporation that wanted to serve other companies located on the other side of the country, including one key corporation: Gojo Industries.³⁸ Gojo has been operating in Akron, Ohio since Chemron was in Bowling Green and still operates there today producing popular products like Purell hand sanitizer.³⁹ In 2005, Lubrizol acquired the Chemron Corporation and took over the Bowling Green facility; Lubrizol's facility still services Gojo Industries in Akron, along with other large businesses like Bath and Body Works.⁴⁰

ANALYSIS

³⁴ "Company Information," Lubrizol, <https://www.lubrizol.com/Our-Company/About-Lubrizol/Company-Information>.

³⁵ Matthew Paquette.

³⁶ Matthew Paquette.

³⁷ Matthew Paquette.

³⁸ Matthew Paquette.

³⁹ Matthew Paquette.

⁴⁰ "Lubrizol to Acquire Chemron Corporation." Fresh Ink. https://www.inkworldmagazine.com/contents/view_fresh-ink/2005-09-09/lubrizol-to-acquire-chemron-corporation.

Table 1
City of Bowling Green Economic Incentives: Lubrizol Corporation
<ol style="list-style-type: none"> 1. Location in close proximity of customers for transportation and sales convenience 2. Location for facility history and production capabilities 3. Quality of City utilities, including water and electrical 4. Collaboration with BGEDF and tax abatement 5. City’s environmental sustainability and energy efficiency standards and programs. 6. Community and workforce population

The City of Bowling Green provides several different incentives and benefits for Lubrizol to operate in the 1142 North Main Street plant, but the biggest incentive is location. Table 1 lists all the different incentives for Lubrizol to do business in the City. Plant Manager Matthew Paquette said, “Location had everything to do with what we’re manufacturing.”⁴¹ The convenience of Bowling Green’s location made it easier to sell and transport goods to its primary customers like Gojo and Bath and Body Works.⁴² In addition, the Bowling Green facility was already fitted to manufacturing surfactants and other advanced materials because of Chemron’s renovations.⁴³

Economic incentives from the City motivated Lubrizol’s expansion of the Bowling Green facility, increasing productivity and job growth. Lubrizol headquarters was looking to add a large expansion to one of their facilities, and the Bowling Green facility was chosen as a candidate for

⁴¹ Matthew Paquette.

⁴² Matthew Paquette.

⁴³ Matthew Paquette.

the expansion. In response, Sue Clark, director of the BGEDF, worked closely with Lubrizol and the State government of Ohio to provide Lubrizol with a real estate tax abatement to have the expansion be built at the Bowling Green facility as opposed to another contending Lubrizol plant in California.⁴⁴ Because of the abatement, the Bowling Green facility received the \$13 million building expansion.⁴⁵

The quality of the City of Bowling Green's utilities departments aids in Lubrizol's smooth, unhindered production and keeps their output costs low. Some Lubrizol facilities around the globe invest in expensive back-up generators as a precaution to electrical supply issues. The Bowling Green facility does not possess generators because they're not deemed necessary due to the high quality of the electrical services provided by the City.⁴⁶ Plant Manager, Matt Paquette, said he was pleased with the rarity of power outages the facility has ever experienced, and even cited a particular instance where a particular electrical issue was addressed by the City utilities department immediately after the complaint was filed.⁴⁷ In addition, Lubrizol's facility utilizes large quantities of waste water, and the Bowling Green Waste Water Treatment Plant is exceptionally accommodating for Lubrizol's water necessities.⁴⁸

As sustainability standards within the industry grow, the City of Bowling Green's municipal utilities renewable resources and reliable sources ease Lubrizol's ability to meet customer sustainability demands. As of 2019, the City receives power from the largest solar field in Ohio, Ohio's first utility-scale wind farm, and investments from hydropower plants operating

⁴⁴ Matthew Paquette.

⁴⁵ Matthew Paquette.

⁴⁶ Matthew Paquette.

⁴⁷ Matthew Paquette.

⁴⁸ Matthew Paquette.

on the Ohio river.⁴⁹ Gojo, Bath and Body works, Beyer, and other Lubrizol customers demand suppliers to meet energy efficiency and environmental stewardship standards;⁵⁰ the City of Bowling Green's 40% renewable energy sources helps Lubrizol meet customer standards.⁵¹ In addition, several other City environmentally friendly programs, like the Efficiency Smart program which provides businesses rebates for consuming energy under certain thresholds and helps companies reduce their energy consumption, also provides Lubrizol with energy efficiency support.⁵²

Lastly, the characteristics of the community and the availability of skilled and unskilled laborers in the Bowling Green area made the City an attractive spot for Lubrizol's manufacturing needs. The City possesses several large manufacturing industries, with some of the largest employers being Vehtek, GKN Driveline, TH Plastics, and the Betco Corporation; Bowling Green's population is able to accommodate the type of manufacturing work demanded by corporations like Lubrizol.⁵³ Paquette also cited the local community's cohesiveness and overall quality as in key factor in Bowling Green a destination for manufacturers.⁵⁴ However, a recent shortage of laborers due to low-unemployment rates and workers failing to meet drug test standards has hindered employment levels for Lubrizol and other companies.⁵⁵

PHOENIX TECHNOLOGIES, INCORPORATED

⁴⁹ "Investing in Clean, Safe, Renewable Utilities," Bowling Green City Guide 2019, pg. 30-32.

⁵⁰ Matthew Paquette.

⁵¹ "Investing in Clean, Safe, Renewable Utilities."

⁵² "Investing in Clean, Safe, Renewable Utilities."

⁵³ Matthew Paquette.

⁵⁴ Matthew Paquette.

⁵⁵ Samantha Sharp, "Local manufacturers struggle to find workers," Bgfalconmedia, May 8, 2019.

https://www.bgfalconmedia.com/city/local-manufacturers-struggle-to-find-workers/article_ea7da5c2-71fa-11e9-b0ca-1701f2be5d9b.html

For over 25 years, Phoenix Technologies has been recycling in Bowling Green in their main facility located on Fairview avenue.⁵⁶ Phoenix specializes in handling Polyethylene Terephthalate (PETE) materials classified under the “1” on the recycling symbol. Roughly one in 20 plastic bottles recycled in the US, such as water or soda bottles, are recycled through the Phoenix Technologies plants on Poe Road and Fairview Avenue.⁵⁷ Phoenix is one of the first recyclers in the US using a patent to take PETE products and recycle them back into food-grade products.⁵⁸ Phoenix Technologies was the first company to receive FDA approval to manage food-grade, PETE bottles placed at curbside, and turns roughly 60 million pounds of recycled plastic back into products every year.⁵⁹

Before Phoenix called Bowling Green home, however, the company was once part of a company called Plastic Technologies, Inc. located in Holland, Ohio.⁶⁰ Plastic Technologies was founded in 1985 as a result of a partnership between a PET bottle technology entrepreneur and the Coca-Cola company.⁶¹ Plastic Technologies still exists and operates in Holland today, however, they expanded into Bowling Green using the name Phoenix Technologies. Phoenix is still a member of Plastic Technologies. And in 2015, Phoenix invested in an \$18 million expansion on Poe Road in order to perform more plastic manufacturing tasks.⁶² Between both facilities, Phoenix employs approximately 80 workers.⁶³

ANALYSIS

⁵⁶ Ron Ott (Phoenix Technologies President), phone interview, February 20, 2019.

⁵⁷ Ron Ott.

⁵⁸ Ron Ott.

⁵⁹ Ron Ott.

⁶⁰ “Our History,” Plastic Technologies, <https://www.plastictechnologies.com/about/>.

⁶¹ “Our History.” Plastic Technologies.

⁶² Ron Ott.

⁶³ Ron Ott.

Table 2
City of Bowling Green Economic Incentives: Phoenix Technologies
<ol style="list-style-type: none"> 1. Low costs of utilities and energy 2. Location in close proximity of customers and business partners 3. General City business environment conducive to success

As previously mentioned, Plastic Technologies needed an expansion out of Holland, and they expanded into Bowling Green with Phoenix for cost-saving and partnership incentives. As outlined in Table 2, Ron Ott, Phoenix Technologies president, said the reason for the expansion into Bowling Green was primarily for the optimal energy costs.⁶⁴ Similar to Lubrizol, the City of Bowling Green's energy efficiency and utilities were determined by Plastic Technologies to be better accommodating for their energy and utility needs.⁶⁵

Phoenix Technologies possesses an important partnership with Coca-Cola, and Southeastern Container, a bottle supplier to Coca-Cola, is located on Industrial Parkway, Bowling Green, less 1.5 miles away from Phoenix's Poe road facility. Through Phoenix Technologies' partnership with other Bowling Green businesses, a plastic product purchased and recycled in Bowling Green could end up back in the same form it was purchased.⁶⁶ As Ron Ott, Phoenix Technologies president, describes for example, someone could recycle their plastic bottle at a Falcon Football game. The bottle will then be taken to the Phoenix Technologies Poe Road plant where the plastic is ground into washed small, diamond shaped pieces of plastic.

⁶⁴ Ron Ott.

⁶⁵ Ron Ott.

⁶⁶ Ron Ott.

Those pieces are sent to the Fairview plant where they are turned into a food-grade plastic resin. Companies like Southeastern Container will buy the resin and use it to create new plastic bottles from the recycled material. This described cycle is unique to Bowling Green.⁶⁷

Two aspects of Bowling Green including low energy and utility costs and partnering manufacturers in close proximity were the primary factors incentivizing Phoenix Technologies development in Bowling Green. Ott also mentioned that general, overall characteristics of Bowling Green is good for business, saying, “BG is one of those places you want to be in for a company.”⁶⁸

ERG ENVIRONMENTAL SERVICES

While Phoenix Technologies also dealt heavily with recycling plastics for repurposing, Environmental Recycling Group (ERG) Environmental Services, located on Woodland Circle, will handle hazardous household wastes and will provide direct services to residents.⁶⁹ Mercury, acidic batteries, paint materials, fluorescent lights—ERG manages more commonly found hazardous materials, and can take anything that a household has, including cleaning and other hazardous materials. In addition to individual households, ERG services the City, Bowling Green State University, Vehtek Systems and several other local companies. ERG processes over 1.5 million pounds of lightbulbs annually as just one of their services.⁷⁰

ANALYSIS

⁶⁷ Paul Garbarino, “Bowling Green: A Midwest Recycling Hub,” Bowling Green City Guide 2019, pg. 40-41.

⁶⁸ Ron Ott.

⁶⁹ Paul Cottrell (ERG Chief Financial Officer), phone interview, February 12, 2019.

⁷⁰ Paul Cottrell.

Table 3
City of Bowling Green Economic Incentives: ERG Environmental Services
<ol style="list-style-type: none"> 1. Collaboration with BGEDF 2. Location in close proximity to business partners and other sites 3. Quality of community life

ERG possesses facilities internationally; however, they're located all within the same region of the continent: Livonia, Michigan, Marham, Ontario, and Bowling Green.⁷¹ ERG did not originate in Bowling Green, however. Chief Financial Officer, Paul Cottrell said it was working with Clark at the BGEDF that provided ERG with the aid it needed to establish another facility.⁷² In addition, he also cited the overall contributions of the city and community to helping ERG expand and keep production running smoothly.⁷³ Table 3 outlines the three primary variables Cottrell cited as the reasons ERG does business in BG. "One of the main reasons we picked BG is because the people there were helping us develop," said Cottrell. "Looking at the park—the [Economic Development Foundation] helped bring us in. We keep expanding, and we hope the BG community keeps helping us out."⁷⁴

CONCLUSION

In the eventful saga of Amazon choosing a location for a second headquarters, newspapers and broadcasters put tax rates, exemptions, and abatements at the forefront of

⁷¹ Paul Cottrell

⁷² Paul Cottrell

⁷³ Paul Cottrell

⁷⁴ Paul Cottrell

economic incentive strategies. Local municipalities competed against each other, boasting their low tax rates and special accommodations for Amazon. But in their bids, those same cities also put heavy emphasis on the quality of life in their cities, and how their city is better than others considering factors other than taxes. In reference to city's prestige, when Amazon rescinded its initial location decision New York City Mayor Bill de Blasio was quoted saying, "We gave Amazon the opportunity to be a good neighbor and do business in the greatest city in the world. Instead of working with the community, Amazon threw away that opportunity."⁷⁵

Despite economic incentives and policies related to taxes being at the forefront of headlines, other economic factors, including location, availability of skilled labor, and quality of community life are actually more important for corporations' decisions to do business in a particular city. The research in the literature review largely aligns with the findings of the research I conducted with the three Bowling Green manufacturers. Between all three manufacturers, location, community, and collaboration with the local BGEDF were key factors in their decisions to operate within the City. Lubrizol also cited several other unique reasons, including the City's adherence to high standards of environmental stewardship and energy sustainability, the quality and partnerships of the local utilities departments, and low energy costs.

In fact, research showed that economic incentives, like tax exemptions and abatements, can have a negative impact on a local municipality's development. Economic incentives can incite competition between cities, creating a destructive competitive cycle. And economic incentives are not found to be as effective or influential as other factors in corporations' site selection decision making. In addition, in reference to the Amazon case, granting subsidies and

⁷⁵ David J Goodman.

tax breaks to wealthy corporations can be viewed as immoral, inciting gentrification, and further marginalization poorer populations.

FURTHER RESEARCH CONSIDERATIONS AND LIMITATIONS

When Amazon was making its decisions for the locations of its second headquarters, the selection process was shrouded in secrecy. It's unfortunately impossible to know exactly what Amazon CEO Jeff Bezos and his army of economists, real estate agents, and human resource managers were thinking when they made the final decision. However, though not necessarily provable, I believe it's likely that New York City's prestige as a world city, work force, and location had a large influence on their initial decision. And perhaps having their lobbyists closer to Washington, D.C. was the reason for their decision to finally move to Arlington, VA? Who knows?

Further research on this topic would benefit from performing more detailed interviews by interviewing multiple people within each manufacturer. To attain a full case study of Bowling Green, every manufacturer would need to be interviewed and included in this study. In addition, in this paper I only address manufacturers; branching out to other business types, such as restaurants and bars, would also help capture the full scope of all the City's characteristics that brings businesses into Bowling Green (not including the influence of the University in this study does seem a little like an elephant in the room). However, I was limited by time for this study and the willingness of manufacturers to cooperate and be transparent in interviews. I believe I made a solid start for further research to continue on this matter.

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