

Memphis hands out more than \$1 million in corporate welfare to entice auto company

Memphis officials are boasting of how they snagged an auto parts importer away from Mississippi and lured it in with the promise of \$1.2 million in corporate welfare.

This company, International Distributors USA, will relocate to Memphis and bring 40 jobs with it.

Right now the company operates out of Olive Branch, Miss.

With a move pending, the people who work at IDUSA have no need to sell their homes or pull their kids out of the Olive Branch schools. Odds are a lot of these people aren't moving to Memphis or anyplace else in Tennessee, said Vickie DuPree, CEO of the Olive Branch Chamber of Commerce.

“Do you realize where Olive Branch is related to Memphis?

We're on the state line, and this industrial drive is just a stone's throw away from Memphis,” DuPree told Tennessee Watchdog.

“If you're driving on Interstate 22 into Mississippi, the first exit to Olive Branch is Exit Number 1. We run into each other.

Actually, we like to think Memphis came and ran into us.”

No one at IDUSA's Olive Branch location answered any of their listed phone numbers Tuesday or Wednesday. A job ad the company had on Indeed.com Tuesday calls Olive Branch a suburb of Memphis.

Many people in Olive Branch commute to work in Memphis and vice versa, DuPree said.

Reid Dulberger, president of the Memphis and Shelby County Economic Development Growth Engine, which gave out the

money, said he expects most of the IDUSA workers will commute to work from Mississippi.

Dulberger couldn't give an answer when asked whether IDUSA officials will create any new positions after they relocate their facility to Memphis.

"We don't know at this point. We won't know until it actually happens," Dulberger said.

IDUSA was in Olive Branch for three years. Before that the company was in Memphis. DuPree said IDUSA never belonged to her city's chamber. She believes the company never intended to stay in Olive Branch long-term.

Despite doing nothing to improve Memphis' 6.8 percent unemployment rate — among people who actually live in the city — Dulberger said the company's return is a win for Memphis.

"We are taking back a company that used to be here and relocated to Mississippi to accommodate what was growth," Dulberger said.

IDUSA will relocate from a building that has 165,000 square feet to one that has 500,000 square feet, according to the Memphis Business Journal.

"Now they have outgrown their current facility, and we are able to bring them back. Over time, companies located in Memphis or Shelby County are able to hire local residents," Dulberger said.

According to the newspaper, EDGE offered IDUSA a 75 percent abatement of Memphis and Shelby County taxes for 10 years. The tax incentive will total \$1.2 million with a local tax benefit to the city and county of almost \$1.9 million.

The Memphis Commercial Appeal said the company has annual wages of \$37,100.

As reported last year, EDGE is an unelected board of 11 people in Memphis and Shelby County. The organization gave \$9.5 million in tax incentives to IKEA so company officials would build a store in the city.

Mayors from both the city and the county appoint the 11 board members.

Memphis officials have already given away plenty in incentive packages to other companies.

[Five years ago, for instance, state officials gave away \\$100 million so Electrolux would set up shop in Memphis](#), with city and county officials adding on an additional \$20 million each. [Members of the Tennessee Comptroller's Office, have already warned Memphis officials to tighten the city's finances or else the state would intervene.](#)

Memphis taxpayers also paid \$30 million to convert the long-troubled Memphis Pyramid into a Bass Pro Shops resort. [The revenue for that project came from taxes on hotels, motels and car rentals.](#)

Last year Shelby County's debt was at more than \$1 billion, according to the Memphis Commercial Appeal.

The paper also reported that Memphis' debt ran more than \$1.46 billion.

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