

Money on the Line:

State and Local Economic Development Subsidies
Received by T-Mobile Call Centers

Good Jobs First

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Executive Summary

T-Mobile USA call centers in 16 locations around the country have received a total of more than \$61 million in tax breaks, grants and other economic development subsidies from state and local governments. This is the key finding of a study of two dozen call centers operated by the nation’s fourth largest cell phone service provider.

The size of the subsidies vary greatly—from less than \$100,000 at a center in Bellingham, Washington to more than \$15 million at one in Augusta, Georgia. The following is a complete list of the call centers found to have received subsidies:

Albuquerque, NM (Menaul Blvd. NE)	\$5 million
Albuquerque, NM (Jefferson St. NE)	\$1 million
Augusta, Georgia.....	\$15.6 million
Bellingham, Washington	\$51,500
Brownsville, Texas.....	\$5.3 million
Chattanooga, Tennessee.....	\$2.2 million
Frisco, Texas.....	\$3.7 million
Lenexa, Kansas	\$3.9 million
Meridian, Idaho.....	\$1.3 million
Mission, Texas	\$2.5 million
Oakland, Maine.....	\$6.6 million
Redmond, Oregon	\$1.3 million
Salem, Oregon.....	\$495,000
Springfield, Missouri.....	\$6.7 million
Tampa, Florida	\$1.5 million
Wichita, Kansas.....	\$4.8 million
Total.....	\$61.8 million

At nine of the 16 subsidized facilities, T-Mobile financial assistance packages were subject to clawback (recoupment) provisions, usually in connection with job-creation levels. These included: Augusta, GA; Brownsville, TX; Chattanooga, TN; Frisco, TX; Lenexa, KS; Mission, TX; Springfield, MO; Tampa, FL; and Wichita, KS.

At none of these locations did we find evidence that T-Mobile had failed to comply with its obligations and thus had clawback action brought against it. However, we did find that subsidy payments at the T-Mobile call center in Oakland, Maine—which are determined by employment levels—have declined as a result of head-count reductions at the facility.

We found no evidence of subsidies at the following eight T-Mobile call center locations: Bellevue, WA; Charleston, SC; Colorado Springs, CO; Fort Lauderdale, FL; Hanover Township, PA; Hoover, AL; Nashville, TN; and Thornton, CO.

Introduction

T-Mobile USA Inc. is the fourth largest cellular phone company in the United States, with about 33 million subscribers. In 2010 it posted operating profits of about \$2.7 billion on revenues of \$21 billion.¹ The company is currently owned by Germany's Deutsche Telekom AG, but a proposal by AT&T to acquire T-Mobile USA is awaiting regulatory approval.

Like other cell phone companies, T-Mobile operates numerous call centers around the country to handle inquiries from customers. Some of these were established by T-Mobile's predecessor company VoiceStream Wireless, but in the decade since the creation of T-Mobile USA, numerous other facilities have been opened.

Given the decline of manufacturing in the United States, many state and local governments have turned to call centers as a key component of their economic development strategy. They compete with one another to attract these investments and frequently offer tax breaks, grants and other subsidies as part of their recruitment effort.

As part of our ongoing research on economic development subsidies, Good Jobs First has analyzed subsidy deals offered to call centers around the country. In this report we focus on the deals that have gone to T-Mobile facilities.

We researched two dozen T-Mobile call centers in 15 states to determine the extent to which they have received subsidies. In addition to tallying the amount of the subsidies, we looked at any job-creation or investment requirements that were attached to the financial assistance. Where those were present, we sought to determine whether the company had lived up to those obligations, and if not, whether public officials had sought to recoup any of the payments.

The bulk of the research for this report was completed in late 2009 but was not published. At the request of the Communications Workers of America, we updated the information using newspaper archives and online disclosure sources.

Summaries of the subsidies received at 16 of the 24 call centers appear in the pages below. Following that is a section summarizing the call centers for which we found no subsidies.

Albuquerque, New Mexico (1201 Menaul Blvd. NE)

- Year facility opened: 1997
- Total subsidies: \$4,960,946
- Clawback provision: no

The T-Mobile call center facility located at 1201 Menaul Blvd NE originated as a VoiceStream Wireless customer service site in 1997. VoiceStream was spun off from

Western Wireless as a separate company and acquired by Deutsche Telekom in 2001. The resultant company was named T-Mobile, and the Menaul Blvd. call center facility went through each of these corporate transitions.

The Menaul Blvd. call center received subsidies as both Western Wireless and VoiceStream Wireless. The facility is the recipient of property tax exemptions and workforce training program subsidies.

In 1997 the City of Albuquerque issued \$17.1 million in industrial revenue bonds (IRBs) on behalf of Western Wireless. The city's IRB program is administered by the Economic Development Department. Albuquerque technically owns title to a facility built with IRBs and leases it to the company for the maturation period of the bonds (up to 20 years). The recipient company is financially responsible for repayment of the bonds, but it receives substantial property tax exemptions associated with the program. IRB property tax exemptions apply to both real property (land and improvements) and the company's personal property (business equipment located at the facility). The estimated value of T-Mobile's property tax exemptions associated with this IRB subsidy totals \$3,061,806 through 2017 (the year of IRB maturation).² Specifically, these include:³

\$601,875 in city real property tax
\$225,284 in city personal property tax
\$1,626,020 in state and other local government real property tax
\$608,627 in state and other local government personal property tax
TOTAL: \$3,061,806

The Menaul call center also received a series of three Job Investment Training Program awards, known at the time as "In-Plant Training" grants. The state Economic Development Department provides these grants to fund classroom and on-the-job-training for newly created jobs by reimbursing a portion of employee wages and travel expenses for up to six months. At the time that these grants were awarded to Western Wireless, there were no clawback provisions associated with the program. These are the amounts disbursed to Western Wireless⁴:

\$1,000,100 (March 1997, 227 jobs)
\$499,135 (June 1998, 116 jobs)
\$399,905 (December 1998, 95 jobs)
TOTAL: \$1,899,140

Neither subsidy program possesses clawback potential. T-Mobile's IRB property tax exemptions were only informally tied to a commitment by the company to add 219 new jobs over a three year period (for a total of 510 by the end of 1999). By 1999 the call center employed 700 workers, exceeding its employment requirement by 190 positions.⁵ Its total employment grew rapidly, reaching 1,000 workers by 2003, when it expanded into a new additional facility in Albuquerque.⁶ Employment at the Menaul facility was recently at 745.⁷

Subsidy Summary

- IRB property tax exemptions: \$3,061,806
 - Job Training Investment Program grants: \$1,899,140
- Total: \$4,960,946*

Albuquerque, New Mexico (5421 Jefferson Street NE)

- Year facility opened: 2003
- Total subsidies: \$1,034,851
- Clawback provision: no

T-Mobile expanded its employment in Albuquerque through the late 1990s and early 2000s. It opened a second call center at 5421 Jefferson St in 2003, moving some employees from the 1,000-worker Menaul Blvd. facility and creating additional positions at the new location. Like the Menaul Blvd. call center, the Jefferson St. facility is the recipient of a state-provided workforce training subsidy.

The state Economic Development Department provides workforce training grants through the Job Training Investment Program (JTIP). This program funds classroom and on-the-job-training for newly created jobs by reimbursing a portion of employee wages and travel expenses for up to six months. JTIP currently requires that each funded training be for a newly created, full time position that meets minimum wage provisions and lasts for one year.⁸ As the amount of training subsidy provided increases, the minimum hourly wage required by the JTIP program guidelines also rises.⁹ The Jefferson St facility has received two JTIP disbursements totaling \$1,034,851:¹⁰

\$473,981 (January 2004, 130 jobs)
\$560,870 (January 2006, 150 jobs)
TOTAL: \$1,034,851

At the time that these JTIP grants were awarded, there was no clawback provision based on layoffs or wages of JTIP-trained employees. The state implemented a recapture provision for layoffs of JTIP trainees in 2007 requiring that no layoffs occur within one year of completion of training.¹¹ This provision does not apply to awards made prior to 2007.

Subsidy Summary

- Job Training Investment Program grants: \$1,034,851

Augusta, Georgia

- Year facility opened: 2007
- Total subsidies: \$15,594,291
- Clawback provision: partial

T-Mobile opened the newly constructed Augusta facility in 2007 after spending most of a year working with local officials to complete the deal.

The city and county provided T-Mobile \$100,000 in infrastructure improvements and the county provided a 20-year phased property tax abatement.¹² To comply with Georgia law, the Development Authority of Richmond County held title to the facility and the equipment to make the tax abatement possible. The Authority issued \$8 million in Taxable Industrial Development Revenue Bonds to purchase and install equipment necessary to operate the call center.¹³ The costs of interest and principal on the bonds are covered by lease payments made by T-Mobile. It appears that the company purchased the bonds, so in effect its lease payments come back to itself as bond service payments.¹⁴ The projected savings from the tax abatement are \$2,594,291.¹⁵

Over time, ownership of the property transfers from Richmond County to T-Mobile at a set percentage per year.¹⁶ In 2008, the Richmond County-owned, tax-exempt portion of the property was assessed at \$18.5 million. The company-owned, taxable portion of the property was assessed at \$3.3 million.¹⁷

In addition to these local subsidies, T-Mobile received a \$1.5 million EDGE Grant from the state's OneGeorgia Authority to apply toward additional equipment purchases.¹⁸ The OneGeorgia EDGE (Economic Development, Growth and Expansion) Fund Program is targeted to rural areas. In order to be considered, an application must be submitted by the community on behalf of the company seeking assistance, and a referral must be provided by the Department of Economic Development.¹⁹ For this project, the Development Authority of Richmond County applied for the EDGE grant on behalf of T-Mobile.²⁰

The company appears to have satisfied the clawback provisions of the EDGE grant with 571 employees and an investment of \$23 million.²¹ The grant is subject to meeting at least 70 percent of what is called the Compliance Threshold, which is calculated by averaging the percentage of actual jobs to committed jobs and the percentage of actual capital investment to committed investment. The Performance Standards for threshold compliance are 700 FTE new jobs (minimum of 35 hours per week) and a least a \$24 million investment within a two year period.²²

It also appears that T-Mobile qualified for the Job Tax Credit Program administered by the Georgia Department of Community Affairs and the Department of Revenue. The company became eligible for five years of annual tax credits for each job created and maintained.²³ By locating in Richmond County the company qualified for a \$3,500 credit per eligible job. In addition, a \$500 credit per eligible job became available due to Richmond County's membership in a Joint Development Authority. This provided a total of \$4,000 per job. These credits apply towards 100 percent of T-Mobile's corporate income tax liability.²⁴ Given the most recent job figure of 571 jobs, the annual job tax credit can be estimated at \$2.28 million, or a total of about \$11.4 million over five years.²⁵

Subsidy Summary

- \$100,000 in infrastructure assistance
- \$2,594,291 from 20-year phased property tax abatement
- \$1,500,000 OneGeorgia EDGE Grant
- estimated \$11,400,000 Job Tax Credit

Total: \$15,594,291

Bellingham, Washington

- Year facility opened: 1999
- Total subsidies: \$51,500
- Clawback provision: not applicable

The Bellingham call center was launched by T-Mobile's predecessor company VoiceStream Wireless in 1999, a few months after VoiceStream was spun off from Western Wireless. The company received help from the Bellingham Whatcom Economic Development Council (now known as the Northwest Economic Council-Whatcom County) in finding a location, but the council did not provide any financial assistance.²⁶

We learned from the State Board for Community & Technical Colleges that VoiceStream received a subsidy under the state's Customized Training Program. The Board paid \$103,000 to Bellingham Technical College to train workers for VoiceStream.²⁷ In accordance with the program's procedures, the company then reimbursed the Board and received Business & Occupation tax credits equal to 50 percent of the amount. Thus the effective value of the subsidy was \$51,500. There is no clawback provision.

Subsidy summary

- Customized Training Program: \$51,500

Brownsville, Texas

- Year facility opened: 2008
- Total subsidies: up to \$5,300,000
- Clawback provision: yes

On May 24, 2007, T-Mobile announced plans to open a 78,000-square-foot call center in Brownsville, Texas.²⁸ T-Mobile agreed to invest \$17.5 million.²⁹ In January 2008, the call center began taking calls.

The company received subsidies provided by the Greater Brownsville Incentives Corporation (GBIC), the City of Brownsville and the State of Texas.

By locating in an enterprise zone, T-Mobile became eligible to receive state sales & use tax credits of up to \$250,000 each year for five years, or a total of up to \$1.25 million.³⁰ State officials confirmed T-Mobile's "participation" in the program but cited confidentiality laws preventing them from detailing the exact amount T-Mobile received.

In December 2007, T-Mobile signed a Project Agreement with GBIC.³¹ The agreement makes T-Mobile eligible to receive up to \$3.75 million in cash grants for meeting a series of benchmarks. These are:

- Construct the facility in Brownsville and keep it operational for at least 10 years.
- Keep increasing numbers of full-time workers employed at an average wage of \$10.50 an hour with full benefits.³²
- "Finish out" an off-site training facility.

It should be noted that the maximum job creation related cash grant award is not to exceed \$5,000 per new job created.³³

T-Mobile has not yet received all grants to which it is entitled. Officials stated that T-Mobile has complied with the Project Agreement thus far.³⁴ Here are the past and future benchmarks:

- \$1 million for obtaining a certificate of occupancy.
- 12/31/08: \$500,000 for having 200 full-time workers.
- 12/31/09: \$500,000 for having 450 full-time workers.
- 12/31/10: \$500,000 for having 700 full-time workers.
- 12/31/11: \$500,000 for having 700 full-time workers.
- 12/31/12: \$500,000 for having 700 full-time workers.

T-Mobile was to receive \$250,000 of the total in Targeted Infrastructure cash grants linked to the completion of the training facility, which was to be used by other employers after T-Mobile.

The grants are subject to the following clawback provisions:

- If by the end of the third year of the agreement the company has not created or maintained 700 jobs, the incentives for the third, fourth and fifth years would be reduced by \$714.29 for each job below the 700 threshold.
- If by the end of the third year of the agreement the company has not created or maintained 350 jobs, it must repay all incentives awarded plus interest at six percent; and the agreement ends.

In the event that T-Mobile discontinues operations in Brownsville or reduces the labor force by more than 25 percent, its incentives can be reduced according to a sliding scale from 100 percent in the first five years to 20 percent in the 10th year.

To continue receiving incentives, T-Mobile must file an Award Affidavit which includes a headcount report listing every employee with employment status and wage rate. No documentation was made available, but officials stated T-Mobile was in compliance.³⁵

In 2007, the City entered into an Abatement Agreement with T-Mobile.³⁶ In December 2008, the City amended the agreement.³⁷ The property tax abatement makes T-Mobile eligible to receive an average 50 percent reduction over the course of ten years. The total value of the abatement is estimated to be \$300,000.³⁸

The Abatement Agreement requires T-Mobile to hire 500 employees by the end of 2009 with a minimum wage of \$10 an hour with comprehensive benefits, at least 75 percent of which must be paid for by the company.³⁹ Failure to maintain benchmarks results in a clawback of abated taxes. As of the end of 2008 the company was reported to be in compliance.⁴⁰

Subsidy summary

- up to \$1.25 million in sales and use tax rebates
- up to \$3.75 million in cash grants
- \$300,000 in tax abatements

Total: up to \$5,300,000

Chattanooga, Tennessee

- Year facility opened: February 2006
- Total subsidies received: \$2,162,000
- Clawback provision: yes

The \$16 million Chattanooga facility was built by a developer to be leased to T-Mobile. The facility opened in 2006. T-Mobile received \$2.2 million in subsidies through the state's FastTrack Initiative, consisting of the following⁴¹:

- \$750,000 in FastTrack Job Training Assistance from the Tennessee Department of Economic & Community Development. Recipients must submit periodic reports for the first five years showing the total number of employees and the total number of minority employees.
- \$1,090,000 in federal funds for recruitment and training support through the Tennessee Department of Labor & Workforce Development.
- \$100,000 grant from the Tennessee Valley Authority through the Valley Advantage program.
- \$222,000 in infrastructure support from the Tennessee Department of Transportation. A new road was built to connect the site to the local highway and a new traffic signal was installed.

Subsidy Summary

- FastTrack Job Training Assistance: \$750,000
 - Dept. of Labor & Workforce Development recruitment and training support: \$1,090,000
 - Tennessee Valley Authority grant: \$100,000
 - Infrastructure support: \$222,000
- Total: \$2,162,000*

Frisco, Texas

- Year facility opened: 2006
- Total subsidies: up to \$3,650,000
- Clawback provision: yes

In 2003, Texas Gov. Rick Perry announced success in attracting T-Mobile to Frisco. T-Mobile, however, did not take occupancy of the 230,000 square-foot space until July 2006. The company agreed to invest \$20.75 million: \$8.25 million on the building and \$12.5 million on equipment.⁴²

T-Mobile received subsidies provided by the City of Frisco, the Frisco Economic Development Corporation (FEDC), and the State of Texas. These took two forms: \$2.15 million in cash grants from the Office of the Governor's Texas Enterprise Fund (TEF) and \$1.5 million in cash grants from FEDC.

On November 8, 2005, T-Mobile and the state entered into a development agreement.⁴³ The agreement makes T-Mobile eligible to receive up to \$2.15 million in TEF cash grants for meeting a series of benchmarks. These are:

- To lease and open a Frisco T-Mobile facility by December 31, 2006
- To create and maintain an increasing number of full-time employees through 2013
- To pay an average salary of \$44,013 increasing by two percent each year through 2013
- To submit Annual Compliance Verification forms in January of each year through 2013

T-Mobile has already received all TEF grants to which it is entitled.⁴⁴ These are:

- In March 2006, T-Mobile received \$1.5 million for signing the agreement.
- In September 2007, T-Mobile received \$650,000 for having provided evidence of creating at least 500 new employment positions.⁴⁵

T-Mobile was required to maintain employment at certain levels or undergo a clawback of \$837 per job:

- 12/31/06: 100 full-time workers at an average salary of \$44,013
- 12/31/07: 505 full-time workers at an average salary of \$44,893
- 12/31/08: 755 full-time workers at an average salary of \$45,791
- 12/31/09: 855 full-time workers at an average salary of \$46,707
- 12/31/10: 855 full-time workers at an average salary of \$47,641
- 12/31/11: 855 full-time workers at an average salary of \$48,594
- 12/31/12: 855 full-time workers at an average salary of \$49,566⁴⁶

T-Mobile can offset clawback damages if in previous years it exceeded job creation benchmarks.⁴⁷ Currently, T-Mobile has created 914 excess jobs from which to offset shortfalls.

T-Mobile claims compliance with all benchmarks.⁴⁸ Compliance Verification Reports claim:

- 1/31/07: 512 full-time jobs, exceeding the standard by 412 jobs.
- 1/31/08: 777 full-time jobs, exceeding the standard by 272 jobs.
- 1/31/09: 985 full-time jobs, exceeding the standard by 230 jobs.

In December of 2006, FEDC and T-Mobile entered a development agreement.⁴⁹ The agreement makes T-Mobile eligible to receive up to \$1.5 million in cash grants for meeting a series of benchmarks. These are as follows: to sign a ten-year lease and open a Frisco T-Mobile facility by January 31, 2006; to make certain levels of capital investment; to create and maintain increasing numbers of full-time employees; to submit award affidavits and prove compliance for each incentive. It should be noted that FEDC required full-time employees (1,920 hours per year) with full benefits but made no salary demands.

To date, T-Mobile has received \$1.15 million in FEDC grants.⁵⁰ These are:

- 3/29/07: first incentive of \$300,000 for signing a lease, certifying occupancy, detailing at least \$3.5 million in equipment costs and creating or maintaining 400 full-time jobs.
- 9/30/07: second incentive of \$350,000 for creating or maintaining 900 full-time jobs.
- 9/15/08: third incentive of \$300,000 for creating or maintaining 1,010 jobs.
- 8/13/09: fourth incentive of \$200,000 for creating or maintaining 1,237 full-time jobs.
- In 2010, T-Mobile was due to receive the fifth incentive of \$200,000 for creating or maintaining 1,237 full-time jobs.
- In 2011, T-Mobile is due to receive the six incentive of \$150,000 for creating or maintaining 1,237 full-time jobs.

To continue receiving cash grants, T-Mobile must continue to meet benchmarks including employing 1,237 full-time employees with access to benefits and submit Award Affidavits. Failure to meet benchmarks results in future awards being reduced or rescinded.

Frisco was the only case where documents requested revealed (limited and anonymous) data on individual employees hired/transferred to the facility and fired/transferred from the facility. There are some apparent inconsistencies in the data but there is not enough information to know if these add up to non-compliance.

Subsidy Summary

- \$2.15 million in TEF cash grants
- up to \$1.5 million in FEDC cash grants

Total: up to \$3,650,000

Lenexa, Kansas

- Year facility opened: 2004
- Total subsidies: up to \$3,864,750
- Clawback provision: yes

Aerial Communications, a firm acquired by T-Mobile predecessor company VoiceStream Wireless, opened a call center in Lenexa in 1998. In 2004 T-Mobile announced plans to relocate the facility elsewhere in the city and expand employment by about 110 to reach 700.⁵¹ The new call center began operation in 2004.

T-Mobile received subsidies provided by the Kansas Department of Commerce (KDC).⁵² These took the form of cash grants, forgivable loans, sales tax savings and tax credits.

KDC told us that a \$3,864,750 package was offered to T-Mobile.⁵³ KDC provided a short breakdown and description of incentives included in the package. The Public Information Officer told us that complete records are no longer available, but “it’s safe to say that [the company] utilized the full palette of incentives offered.” The programs and amounts are as follows:

- up to \$1,895,000 in High Performance Incentive Program (HPIP) investment tax credits for companies that pay above-average wages and develop worker skills.
- up to \$1,429,750 in sales taxes exemptions on building materials.
- up to \$175,000 from the Kansas Economic Opportunity Initiative Fund, a zero-interest forgivable loan for construction improvements, equipment purchases and other project-related costs.
- up to \$165,000 in Job Creation Credits.
- up to \$150,000 in cash grants for worker training and retraining.
- up to \$50,000 in HPIP Workforce Training Credits.

To receive HPIP Tax Credits of any kind, T-Mobile was required to file a form with the Department of Revenue documenting that it maintained 590 jobs and created 110 jobs at a specific wage rate (KDC said the rate was no longer available).⁵⁴ The calculation may include full-time equivalents. To participate, companies must submit an application to the

Department of Commerce for any four quarters during its measurement period. If T-Mobile proved for those four quarters it maintained an average wage at least one dollar higher than the regional average wage rate for its industry code, it could receive the credit going forward without a compliance check. It appears that T-Mobile complied with these requirements.

Subsidy summary

- up to \$2,110,000 million in tax credits
- up to \$1,429,750 in sales tax savings
- up to \$175,000 in forgivable loans
- up to \$150,000 in cash grants

Total: \$3,864,750

Meridian, Idaho

- Year facility opened: 2004
- Total subsidies: \$1,279,624
- Clawback provision: none

After the City of Meridian lost a bidding war to Redmond, Oregon for a VoiceStream Wireless call center facility in 2002, VoiceStream PCS Holding, LLC (dba T-Mobile) elected to construct an additional site in Meridian. The facility opened in 2004 and used state-provided workforce training fund grants to subsidize its employee training. We found no indication that the facility was the beneficiary of any local subsidies.

T-Mobile was granted access to the state Department of Commerce and Labor's Workforce Development Training Fund in exchange for the creation of 700 permanent full-time positions by March 31, 2006 paying an average wage of \$10.50 per hour plus benefits.⁵⁵ Per employee subsidies were worth \$1,919.61, not to exceed a total of \$1,343,730.⁵⁶ The Idaho Department of Commerce and Labor reimbursed a total of \$1,279,624 to T-Mobile for the expenses it incurred training new employees.⁵⁷

A profile of the city of Meridian published by the Idaho Department of Commerce and Labor on March 1, 2006 lists T-Mobile's employment at the site at 700 workers.⁵⁸ While the Department of Commerce and Labor Workforce Development Training Fund contract with T-Mobile specifies hiring targets and wage floors, it fails to include any recapture provisions.

Subsidy Summary

- Workforce Development Training Fund grant: \$1,279,624

Mission, Texas

- Year facility opened: 2003
- Total subsidies: up to \$2,475,000
- Clawback provision: yes

In 2003 T-Mobile announced plans to open a call center in Mission. The company agreed to invest \$12 million (\$3 million on upgrades and \$9 million on equipment) and to occupy a 75,000 square-foot space for 10 years.

The company received subsidies provided by the City of Mission, the Mission Economic Development Authority (MEDA), the State of Texas, and the City of McAllen. These took three forms: state sales & use tax credits, property tax abatements, and cash grants.

By locating in an enterprise zone, T-Mobile became eligible to receive state sales & use tax credits of up to \$250,000 each year for five years, or at total of \$1.25 million.⁵⁹ State officials confirmed T-Mobile's "participation" in the program but cited confidentiality laws preventing them from detailing the exact amount T-Mobile received.

T-Mobile also became eligible for a property tax abatement linked to the enterprise zone. In June 2003, the company signed a contract with the city of Mission to receive a 70 percent reduction in city property tax obligations.⁶⁰ Property tax records show that T-Mobile received an abatement worth \$37,152 from 2006 through 2009.⁶¹ The total amount T-Mobile is eligible to receive is estimated by the County Assessor to total \$100,000 over the life of the agreement.⁶²

To continue receiving enterprise property tax abatements after the fifth year, the company has to meet two benchmarks:

- To invest \$12 million in capital
- To create or retain 675 jobs with a payroll of at least \$12 million

Failure to meet benchmarks results in clawback equal to the value of the abatement in the year it did not comply. In such an event, the city has the option to end the contract.⁶³ In 2005, the company reported a headcount of 918 employees.⁶⁴

On March 11, 2003, T-Mobile and MEDA entered a development agreement that provides up to \$1,125,000 in cash grants for meeting a series of benchmarks.⁶⁵ These are:

- To lease the facility in Mission and keep it operational for at least 10 years.
- To submit Award Affidavits for the last five years.
- To keep increasing numbers of full-time equivalents employed.

It should be noted that benchmarks were not rigorous as they excluded strong wage, full-time employee, and benefit definitions.

T-Mobile has already received all grants to which it is entitled.⁶⁶ These are:

- After signing the lease, T-Mobile received \$375,000 for facility improvements.
- On 11/14/03, T-Mobile received \$150,000 for creating or maintaining 200 jobs.
- On 12/08/04, T-Mobile received \$150,000 for creating or maintaining 600 jobs.
- On 11/01/05, T-Mobile received \$150,000 for creating or maintaining 600 jobs.
- On 11/22/06, T-Mobile received \$150,000 for creating or maintaining 600 jobs.
- On 11/30/07, T-Mobile received \$150,000 for creating or maintaining 750 jobs.⁶⁷

T-Mobile must maintain employment at certain levels or undergo clawback provisions:

- If in years 1-2 the number of full-time equivalents falls short by any amount, full clawback of all cash grants occurs and agreement ends.
- If in years 3-5 the number of full-time equivalents falls short by 25 percent, full clawback of all cash grants occurs and agreement ends.
- If in years 6-8, the number of full-time equivalents falls short by 25 percent, clawback of \$375,000 occurs and agreement ends.
- If in years 9-10, the number of full-time equivalents falls short by 25 percent, clawback of \$175,000 occurs and agreement ends.⁶⁸

T-Mobile has certified compliance with all benchmarks.⁶⁹

Subsidy summary

- up to \$1,250,000 in sales & use tax credits
- about \$100,000 in tax abatements
- \$1,125,000 in cash grants

Total: up to \$2,475,000

Oakland, Maine

- Year facility opened: 2005
- Total subsidies: more than \$6.6 million
- Clawback provision: none

This call center was announced in November 2004. The first batch of employees began working there in August 2005, but the formal opening did not occur until August 2006. The site chosen by T-Mobile is in a Pine Tree Development Zone. This made the company eligible for various financial benefits, including the following:

Employment Tax Increment Financing. Under this program a company creating new jobs in one of the zones is eligible to receive reimbursement for 80 percent of the employment tax paid in connection with jobs that meet certain criteria (wage rates at or above the county

level and access to group health insurance and a retirement plan). T-Mobile has received the following amounts:⁷⁰

- \$120,808 for 422 qualified jobs during calendar year 2005
 - \$551,373 for 651 qualified jobs during calendar year 2006
 - \$729,914 for 769 qualified jobs during calendar year 2007
 - \$793,670 for 794 qualified jobs during calendar year 2008
 - \$753,748 for 781 qualified jobs during calendar year 2009
 - \$597,351 for 636 qualified jobs during calendar year 2010
- TOTAL: \$3,546,864

The benefit lasts for ten years, so if employment remains at the current level, the company stands to receive at least another \$2.4 million over the coming four years. Thus the total value of the subsidy would be about \$6 million. There are no clawback provisions, since the assistance is based on actual jobs created. The employment decline seen above in 2010 has continued. Recent press reports put the size of the workforce at “fewer than 400.”⁷¹

Governor's Training Initiative. Under this program a community college develops a customized worker training program for a company, and the state government reimburses the company for a portion of the cost. We were told by an official at the Maine Department of Labor that T-Mobile was reimbursed \$560,000 on total costs of about \$3 million for training about 700 workers between 2005 and 2007.⁷² There is no clawback provision.

T-Mobile also became eligible for corporate income tax credits, exemptions from sales taxes on building materials, and discounts on utility rates. These amounts are not publicly available.

Subsidy summary

- Employment Tax Increment Financing: \$6 million
Governor's Training Initiative: \$560,000
 - Income tax credits, sales tax exemptions, discounted utility rates: amount unknown
- Total: more than \$6.6 million*

Redmond, Oregon

- Year facility opened: 2004
- Total subsidies: \$1,278,441
- Clawback provision: none

Gov. Ted Kulongoski announced in August 2003 that T-Mobile would open a customer service center in Redmond, and the facility opened the following year.

The center was located in an enterprise zone, which provided a three-year property tax exemption. The state and the city provided other forms of financial assistance.

Property tax exemption. The Deschutes County Assessor's Office told us that the company received a total of \$358,441 in property tax savings for the period 2005-2007.⁷³

Governor's Strategic Reserve Fund. The Oregon Business Development Department told us that T-Mobile was granted an \$850,000 forgivable loan in 2005. The loan required that the company create and maintain at least 720 jobs by April 2008 for one full year. The loan was forgiven in 2007 after the company had created and maintained 860 jobs.⁷⁴

Workforce training funds. The Oregon Business Development Department told us that in 2005 T-Mobile had been given a \$50,000 training grant.⁷⁵

Central Oregon Community Investment Board. The Board provided a grant of \$20,000.⁷⁶

Aside from the conditions that had to be met for the forgivable loan, none of these incentives contained clawback provisions.

Subsidy summary

- Enterprise zone property tax exemption: \$358,441
- Governor's Strategic Reserve Fund forgiven loan: \$850,000
- Training grant: \$50,000
- Regional investment board grant: \$20,000

Total: \$1,278,441

Salem, Oregon

- Year facility opened: 2000
- Total subsidies: \$495,000
- Clawback provision: none

T-Mobile's predecessor company VoiceStream Wireless announced plans for the Salem center in 1999 and opened it the following year.

The facility was located in an existing enterprise zone, which made it eligible for a three-year exemption on property taxes. According to the Strategic Economic Development Corporation (SEDCOR), the value of the exemption worked out to about \$165,000 per year, or a total of \$495,000.⁷⁷ There were no clawback provisions attached.

The facility received no assistance from the state.

Subsidy summary

- Enterprise zone property tax exemption: \$495,000

Springfield, Missouri

- Year facility opened: 2006
- Total subsidies: \$6,744,000
- Clawback provision: yes

In 2006 T-Mobile opened a 700-job call center in Springfield. Multiple types of subsidies were provided to the company through programs at the state, local, and county levels.

The T-Mobile facility was sited in an Enterprise Zone and granted Enhanced Enterprise Zone (EEZ) status by the state and provided with related state corporate income tax credits in 2006 and 2007. The EEZ program in Missouri is available to new and expanding businesses that create at least two jobs and invest at least \$100,000 in capital improvements per year. EEZ credits are provided only for new yearly job creation and capital investment, but they do not require a sustained level of employment. The total estimated value of business income tax credits provided through the Enhanced Enterprise Zone program over the approved 10-year period is \$2,975,000.⁷⁸ To date, T-Mobile has received the following amounts of EEZ tax credits:⁷⁹

\$280,316 in 2007
\$162,380 in 2006

Training of the facility's employees was also subsidized through the state Department of Economic Development Community College New Jobs Training Program (NJTP). This program credits a portion of the employer's regular withholding taxes (that are paid for the employees in the newly created jobs) to repayment of bonds issued to fund workforce development training and project costs. T-Mobile has been the beneficiary of the following NJTP tax credits:⁸⁰

\$1,481,000 in 2008
\$1,546,000 in 2007
TOTAL: \$3,027,000

The program is subject to a clawback provision. If any jobs for which training assistance has been received are moved out of Missouri or eliminated within five years of the date the project is approved, the company may be responsible for repayment of all training assistance received through the program.⁸¹ The clawback provision of NJTP applies to jobs created at T-Mobile until 2012.

T-Mobile's local property taxes are also abated under its EEZ status. Tax on 50 percent of the improvements made on the call center property is abated by all levying bodies for ten years. Between 2007 through 2009 the cumulative value of this abatement was \$115,543.⁸² Based on the assessed value of facility improvements on the property and the

tax levy rate in 2009, the ten-year value of this abatement would be approximately \$442,000.⁸³

The facility's infrastructure construction was also locally subsidized. The City of Springfield provided \$150,000 for a bus turnout and Greene County provided \$150,000 for a road extension.⁸⁴ Repeated attempts to contact the Springfield Planning and Development Department were unsuccessful. Information about infrastructure subsidies was obtained from newspapers.

Subsidy Summary

- EEZ tax credit: \$2,975,000
- Job training reimbursements: \$3,027,000
- Property tax abatements: \$442,000
- Infrastructure assistance: \$300,000

Total: \$6,744,000

Tampa, Florida

- Year facility opened: late 1990s
- Total subsidies: \$1.5 million
- Clawback provision: yes

T-Mobile bought VoiceStream in 2001. VoiceStream had been operating a call center in Tampa since the late 1990's. T-Mobile moved the call center operation to a new location within Tampa in 2005 but maintained the lease at the other location for IT, engineering, and sales.

VoiceStream's original call center location received state and local assistance through the Qualified Target Industry Tax Refund (QTI) program.⁸⁵ QTI is a performance-based program targeted at "high-growth industries." The program mandates that the local community provide 20 percent of the total funds to be awarded. Qualifying companies must create at least 10 jobs which pay at least 115 percent of the average wage in the state, county, or metro area.⁸⁶

This qualifies the company for a tax refund of up to \$3,000 per job, which can be applied to corporate income, sales, property, intangible personal property, insurance premium, and certain other taxes.⁸⁷ If a company pays 150 percent of the average wage, it qualifies for tax refunds of \$4,000 per job, and for paying 200 percent of average wage it receives tax refunds of \$5,000 per job. T-Mobile qualified for a tax refund of \$4,000 per job, which amounted to \$1.2 million from the state and \$300,000 from the local community for a total of \$1.5 million.⁸⁸

To ensure compliance with the program, companies are subject to annual reviews of tax payments, job creation, and average salaries.⁸⁹ The Office of Tourism, Trade, and Economic

Development works with the state Department of Revenue, the Agency for Workforce Innovation, and an independent accounting firm to review company compliance. Companies that do not meet 80 percent of the job and wage targets are not given a tax refund. Companies that complete 80 percent or more but not the full 100 percent receive a tax refund on a pro-rated basis.⁹⁰ VoiceStream met the compliance obligations with a capital investment of \$5,650,000 and more than 375 new jobs. The QTI was completed in FY 2001 (July 2001-June 2002).⁹¹

Subsidy Summary

- \$1.5 million from Qualified Target Industry Tax Refund program

Wichita, Kansas

- Year facility opened: 2000
- Total subsidies: approximately \$4,820,000
- Clawback provision: yes

In 2000, VoiceStream Wireless Corporation, T-Mobile's predecessor company, announced a new, 68,000 square-foot call center for Wichita. VoiceStream took occupancy in September 2000. The company reportedly invested \$15 million and planned to hire 770 workers.

The company received subsidies provided by the Kansas Department of Commerce (KDC) and the City of Wichita. These took the form of cash grants, forgivable loans, Industrial Revenue Bonds, tax exemptions, and tax credits.

KDC told us that a \$4.47 million package was offered to VoiceStream.⁹² KDC provided a short breakdown and description of incentives included in the package. The agency's public information officer told us that complete records are not available, but "it's safe to say that [the company] utilized the full palette of incentives offered."

The programs and amounts made available to the company are as follows:

- up to \$3.22 million in tax credits from the High Performance Incentive Program for companies that pay above-average wages and develop worker skills.
- up to \$800,000 in cash grants to train the projected 500 full-time employees.
- up to \$400,000 from the Kansas Economic Opportunity Initiative Fund, a zero-interest forgivable loan for construction improvements, equipment purchases and other project-related costs.
- up to \$50,000 in cash grants from the Child Care Development Fund.

In 2000 the City of Wichita also helped the company by issuing \$11.5 million in taxable Industrial Revenue Bonds (IRBs), the proceeds of which were used to construct and equip the call center. The title to the center was held by the city, making possible a 100 percent exemption for real and personal property at the facility. The city then leased the center to a developer, VS Property LLC, which in turn sublet it to VoiceStream (and later T-Mobile).⁹³

The real subsidy is the tax exemption, which the Sedgwick County Assessor estimates will be worth at least \$350,000 over the initial five-year life of the agreement.⁹⁴ To date, the company has received an estimated \$255,000 in exemptions.⁹⁵

To continue receiving IRB-enabled tax exemptions after the fifth year, the company had to create or retain at least 400 jobs. A site visit by staff on February 26, 2004 found that T-Mobile had created 451 jobs.⁹⁶

Subsidy summary

- up to \$3.22 million in tax credits
- up to \$850,000 million in cash grants
- up to \$400,000 in forgivable loans
- an estimated \$350,000 in local property tax exemptions

Total: \$4,820,000

T-Mobile Call Centers Without Subsidies

Bellevue, Washington. The call center in Bellevue makes up part of T-Mobile's corporate headquarters complex. The complex is in space leased by T-Mobile in Newport Corporate Center, which is owned by SITQ (the real estate subsidiary of the Canadian pension fund manager Caisse de dépôt et placement du Québec). T-Mobile took over the space from its predecessor company VoiceStream Wireless. We found no evidence of subsidies. Bellevue's director of economic development responded to our inquiries with an e-mail message stating: "The City of Bellevue provides zero funding or other support to T-Mobile for any of its call centers in the area."⁹⁷ We also found no evidence of state or county subsidies.

Charleston, South Carolina. T-Mobile occupies a building that was originally constructed and leased to serve as the new regional headquarters for wireless company SunCom in 2002. T-Mobile acquired SunCom in 2008 and took over former SunCom markets in the Carolinas, Tennessee, Georgia, Puerto Rico and the U.S. Virgin Islands.⁹⁸ We found no evidence that this call center location received any economic development subsidies.

Colorado Springs, Colorado. The T-Mobile call center facility located in Colorado Springs was opened by VoiceStream Wireless in 2000. The call center is located in the Briargate Business Campus, part of a master planned development. As of spring 2008, this facility employed "more than 800" workers.⁹⁹ We found no evidence that this call center received any economic development subsidies.

Fort Lauderdale, Florida. In one of its Securities and Exchange Commission filings after being spun off by Western Wireless and before merging into Deutsche Telekom, VoiceStream Wireless noted that it had a customer service center in Fort Lauderdale.¹⁰⁰ We have found no evidence that this call center location received any economic development subsidies.

Hanover Township, Pennsylvania. The T-Mobile facility located in Hanover Township (of Lehigh County), Pennsylvania was opened by VoiceStream Wireless in 2002. The call center was sited in a vacant existing building currently owned by Liberty Property Limited Partnership. VoiceStream Wireless signed a “long-term” lease (greater than 10 years) for the facility. The company originally shifted 300 jobs to this call center from its older facility in Northampton County, closed the same year. In 2005 T-Mobile announced it would be adding 450 new positions, bringing its total employment to 1,400.¹⁰¹ We found no evidence that this call center received any economic development subsidies.

Hoover, Alabama. T-Mobile relocated this call center facility from Birmingham to office space atop the Hoover Galleria mall in August 2003, occupying the 11th, 12th, and 14th floors.¹⁰² The move included an employment expansion from 150 to approximately 570 workers. We found no evidence that this call center received economic development incentives.

Nashville, Tennessee. Original plans to build the facility were launched by Powertel Inc. In 2001, Powertel was acquired by VoiceStream in a three-way deal whereby T-Mobile's parent company, Deutsche Telekom AG, acquired VoiceStream.¹⁰³ In 2002, *The Tennessean* reported the total cost of construction for the call center was \$14.6 million and that an estimated 1,100 new jobs were expected.¹⁰⁴ We found no evidence that this call center has received any local, state, or regional economic development subsidies.

Thornton, Colorado. The T-Mobile call center facility in Thornton was opened by VoiceStream Wireless in 2001. The call center is located in the North Valley Tech Center office park that was at the time owned by Radiant Partners of New York. VoiceStream signed a 10-year lease for the property, and current Adams County property records show T-Mobile only as the owner of business personal property at the location.¹⁰⁵ We were unable to determine current employment, but in 2008 the company was listed as the city of Thornton's third largest employer.¹⁰⁶ We found no evidence that this call center received any economic development subsidies.

Conclusion

We found that two-thirds of the T-Mobile call centers we examined have received economic development subsidies. The amounts range from less than \$100,000 to more than \$15 million. In total, 16 facilities have received more than \$61 million.

At nine of the 16 subsidized facilities, T-Mobile's financial assistance packages were subject to clawback (recoupment) provisions, usually in connection with job-creation levels. These included:

- Augusta, Georgia
- Brownsville, Texas
- Chattanooga, Tennessee
- Frisco, Texas
- Lenexa, Kansas
- Mission, Texas
- Springfield, Missouri
- Tampa, Florida
- Wichita, Kansas

At none of these locations did we find evidence that T-Mobile had failed to comply with its obligations and thus had clawback action brought against it. However, we did find that subsidy payments at the T-Mobile call center in Oakland, Maine—which are determined by employment levels—have declined as a result of head-count reductions at the facility.

Endnotes

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