

2017 Regular Session

HOUSE RESOLUTION NO. 242

BY REPRESENTATIVE GLOVER

A RESOLUTION

To memorialize the United States Congress to take such actions as are necessary to investigate the current condition of economic development in the state of Louisiana concerning the Revitalizing Auto Communities Environmental Response Trust's (hereinafter "RACER Trust") fulfillment of fiduciary duties regarding the former General Motors Shreveport plant (hereinafter "GM-Shreveport plant") and operations.

WHEREAS, perpetual declining sales and employment loss led to the 2009 bankruptcy of the General Motors Corporation, and by 2012, a complete cessation of automobile manufacturing at the former GM-Shreveport plant, which for more than thirty years was a generator of jobs and economic opportunity in the state of Louisiana; and

WHEREAS, the bankruptcy of General Motors was not an ordinary business bankruptcy; rather, it was orderly and structured in a way to facilitate General Motors' ability to be absolved of certain environmental and tax liabilities; and

WHEREAS, this included a cash infusion from the federal government to the benefit of General Motors, and General Motors' consideration for the properties left behind to be leveraged in the public's general and equitable interests, with such interests defined and directed toward the replacement of lost jobs; and

WHEREAS, according to a Report to Congressional Committees issued by the United States Government Accountability Office, the Department of the Treasury (Treasury) "provided unprecedented support to two of the nation's three largest auto manufacturers — General Motors and Chrysler — after deteriorating economic conditions resulted in a dramatic decline in auto sales and significant financial losses to these companies"; and

WHEREAS, "through the Automotive Industry Financing Program (AIFP) under the Troubled Asset Relief Program (TARP), Treasury committed \$62 billion to help GM and Chrysler continue operating while restructuring into more viable companies"; and

WHEREAS, the website of the RACER Trust explains that after the bankruptcy of General Motors, "the RACER Trust was created in March 2011 by the U.S. Bankruptcy Court" and equipped with "nearly \$500 million...received at the time of the Trust's establishment" to "clean up and position for redevelopment the properties and other facilities owned by the former General Motors Corporation"; and

WHEREAS, such properties and facilities to be included for clean up and revitalization necessarily include the former GM-Shreveport plant; and

WHEREAS, during February 2013, the RACER Trust and Elio Motors entered into a Purchase and Sale Agreement whereby Elio Motors was expected to acquire from the RACER Trust all of the property, both movable and immovable property, relative to the former GM-Shreveport plant; however, Elio Motors purchased only the movable property and as such, entered into a Security Agreement with the RACER Trust in the amount of twenty-three million dollars to acquire the movable property; and

WHEREAS, circumstances changed regarding the sale of all of the former GM-Shreveport plant to Elio Motors; instead, the immovable property of the plant was purchased by the Caddo Parish Industrial Development Board; and

WHEREAS, at the request of the Caddo Parish Industrial Development Board, a parent company known as Industrial Realty Group first purchased the immovable property of the former GM-Shreveport plant and immediately resold this same property to the Caddo Parish Industrial Development Board; and

WHEREAS, the Caddo Parish Industrial Development Board then leased the immovable property back to Industrial Realty Group; and

WHEREAS, as the lessee and property manager of the former GM-Shreveport plant, Industrial Realty Group next subleased a portion of the plant to Elio Motors; and

WHEREAS, Elio Motors assumed the plant as a sublessee during the latter part of 2013 and was expected to manufacture automobiles, stimulate economic growth, and create approximately one thousand five hundred jobs by the end of 2015; and

WHEREAS, since 2013 and currently, Elio Motors is not engaged in automobile manufacturing at the former GM-Shreveport plant, and as a result, related economic development and stimulated growth in this state have not materialized as projected and desired; and

WHEREAS, with the present and future state of the former GM-Shreveport plant subject to the direction and actions of Industrial Realty Group and Elio Motors, the House Committee on Commerce was interested to hear the testimony of certain stakeholders to identify and expound upon the circumstances, challenges, and barriers surrounding automobile manufacturing and the anticipated accompanying job growth; and

WHEREAS, pursuant to House Resolution No. 37 of the 2016 Second Extraordinary Session, the House Committee on Commerce met in Shreveport, Louisiana, on October 26, 2016, to do all of the following:

(1) Study the state of the automotive manufacturing industry in the state of Louisiana since the onset of the most recent worldwide economic turndown that began in 2008.

(2) Investigate and report on the activities of the RACER Trust in the state of Louisiana.

(3) Tour and assess the current condition and circumstances of any Louisiana based properties either currently or previously under the control and supervision of the RACER Trust in the state of Louisiana.

(4) Take testimony from local, regional, and state officials and economic development stakeholders regarding barriers and obstacles impacting the ability to effectively market facilities either currently or previously under the control of the RACER Trust; and

WHEREAS, though representatives were present to testify, the representatives were not parties to nor directly privy to the process of negotiations between the RACER Trust, Industrial Realty Group, the Department of Economic Development, the Caddo Parish Commission, and the Caddo Parish Industrial Development Board; and

WHEREAS, the RACER Trust's commitment of the former GM-Shreveport plant to Industrial Realty Group and Elio Motors is a matter of vital concern regarding the economic development in this state, not solely due to the lack of automobile manufacturing on behalf of Elio Motors, but because prior to this divestment, in a letter dated November 14, 2013, the Department of Economic Development and the North Louisiana Economic Partnership expressed concern to the RACER Trust regarding the transaction; and

WHEREAS, despite the value of the assets encompassed within the former GM-Shreveport plant, the RACER Trust is believed to have provided the Caddo Parish

Commission with only the following two options in consideration for the eventual fate of the former GM-Shreveport plant:

- (1) Committal of the former GM-Shreveport plant to Industrial Realty Group.
- (2) Complete demolition of the plant; and

WHEREAS, it is a matter of state interest and concern that the prospect of the former GM-Shreveport plant's demise may have actually been a false threat used as a catalyst to urge the Caddo Parish Commission and other local and state economic development officials to support and commit the former GM-Shreveport plant into the contractual care of Industrial Realty Group and Elio Motors; and

WHEREAS, the assets of the former GM-Shreveport plant possess great potential to be a source of real opportunity for economic growth and job creation in Louisiana, but although publicly owned, no provisions or mechanisms for federal or local oversight are in place to rectify this agreement made in furtherance of the state's economic development that has not materialized to provide an economic benefit to this state; and

WHEREAS, in light of the dire circumstances surrounding the former GM-Shreveport plant, the state is compelled, and requests the United States Congress in its constitutional power, to investigate the process of negotiations which resulted in Industrial Realty Group's and Elio Motors' attainment of the former GM-Shreveport plant, per the recommendation of the federally created RACER Trust.

THEREFORE, BE IT RESOLVED that the House of Representatives of the Legislature of Louisiana does hereby memorialize the United States Congress to take such actions as are necessary to investigate the current condition of economic development in the state of Louisiana, relative to the RACER Trust's fulfillment of fiduciary duties concerning the former GM-Shreveport plant and operations.

BE IT FURTHER RESOLVED that a copy of this Resolution be transmitted to the presiding officers of the Senate and the House of Representatives of the Congress of the United States of America and to each member of the Louisiana congressional delegation.

SPEAKER OF THE HOUSE OF REPRESENTATIVES