

## *Union Tank Car and the Pritzker Family*

Union Tank Car has been one of the country’s largest manufacturers of railroad tank cars for decades. Incorporated in 1891 as a subsidiary of John D. Rockefeller’s Standard Oil Trust, Union Tank Car was purchased by the Pritzker family of Chicago in 1981.

For decades, the company’s primary manufacturing facility was in East Chicago, Indiana, which employed more than six hundred members of the International Brotherhood of Boilermakers Local 524. After months of reduced staffing, company officials announced on March 29, 2008 that they would permanently close the plant.<sup>1</sup> East Chicago’s Union Tank Car plant, which had received millions of dollars in property tax abatements as an incentive to continue operation, closed its doors on May 30, 2008.

Those jobs did not simply disappear. In 2004, after aggressive negotiations with both Texas and Louisiana, Union Tank Car announced that it would be opening a new plant in Alexandria, Louisiana. Union Tank Car had been heavily courted by then Louisiana Governor Kathleen Blanco, who won the company’s new \$100 million plant with the help of a package of taxpayer subsidies worth over \$60 million. Louisiana officials expected the new plant to employ 850 workers and spur further economic development in central Louisiana.<sup>2</sup> As of May 2009, Union Tank Car employed around 325 workers.<sup>3</sup>

<b>Economic Development Incentives to Union Tank Car from the State of Louisiana</b>	
Infrastructure / construction costs	\$32m
Property tax breaks	\$9.8m
Job creation tax rebates	\$19.1m
State sales tax rebates	\$2.3m
<b>Total</b>	<b>\$63.2m</b>

Union Tank Car has collected public economic development subsidies from both East Chicago and Louisiana without any net increase in jobs. Workers in East Chicago lost their jobs despite decades of service. The city lost a major employer despite paying local tax incentives.

The Pritzker family owned Union Tank Car from 1981 to 2008, when it sold 60% of the company to Warren Buffett’s Berkshire Hathaway.<sup>4</sup> The Pritzkers are a group of eleven cousins whose net worth is estimated to be at least \$20 billion.<sup>5</sup> Thomas Pritzker, who remains the chairman Union Tank Car’s parent company Marmon Holdings, also serves as the chairman of Hyatt Hotels Corporation.<sup>6</sup> Penny Pritzker serves on the board of Hyatt Hotels, and is the chairman of four other Pritzker businesses. Penny served as national finance chair of Barack Obama’s presidential campaign and now serves on President Obama’s Economic Recovery Advisory Board. While it is unclear exactly how much taxpayer money has gone to Pritzker-owned businesses, Hyatt-branded hotels alone have collected approximately \$1.5 billion in public subsidies.

*continued>>*

<sup>1</sup> “Union Tank to close East Chicago plant,” *Times of Northwest Indiana*, March 29, 2008.

<sup>2</sup> “Deal to lure rail car plant to state wins panel’s OK,” *New Orleans Times Picayune*, August 20, 2004.

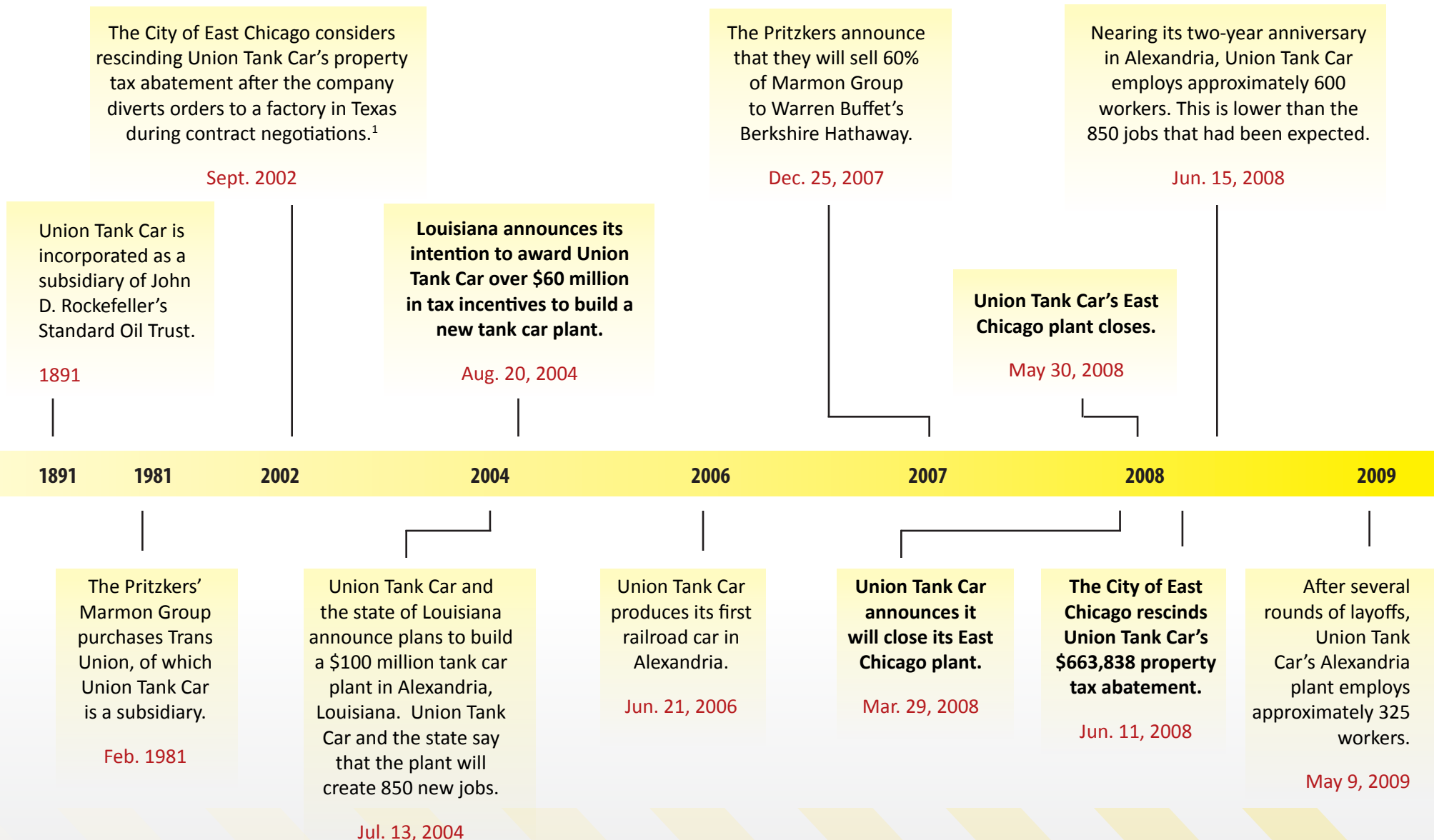
<sup>3</sup> “Union Tank Car to have more layoffs,” *AP*, May 8, 2009.

<sup>4</sup> “Berkshire Hathaway completes 60% purchase of Marmon Holdings, Inc.,” Berkshire Hathaway press release, March 18, 2008. <http://www.berkshirehathaway.com/news/mar1808.pdf>

<sup>5</sup> “Chicago’s Pritzker family plans to take Hyatt Hotels public,” *Chicago Tribune*, August 5, 2009.

<sup>6</sup> From November 2, 2009, S-1 filing with SEC for Hyatt Hotels Corporation.

# Union Tank Car Company Timeline



<sup>1</sup> "Railcar workers take case for contract public in East Chicago, Ind," *The Times*, September 17, 2002.