

# Ammonia Build-Out: Recipe for Risks

## OVERVIEW

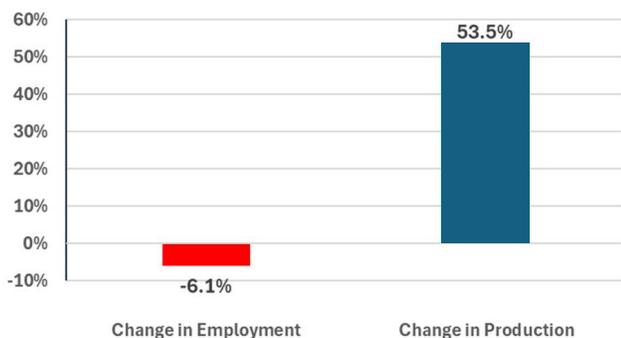
Government agencies have been awarding financial incentives to private companies to build ammonia production plants that may fail to achieve robust economic benefits for host communities. [IEEFA's five-part report](#) shows why ammonia production would likely have a limited impact on jobs and high construction and operating costs, why energy markets for ammonia will not likely be robust, and why such projects should be heavily scrutinized given the potential risks to host communities. This factsheet focuses on local job numbers.

## IMPACT ON JOBS

Governments that offer business tax incentives and development grants generally do so under the rationale that the project will boost jobs and the local economy. But development deals that deprive the host municipality or school district of the benefit of tax revenues while failing to deliver substantial benefits risk becoming a net loss for the community.

The ammonia industry in the United States has been losing jobs over the last 25 years. From 2001-2024, ammonia production rose by 53.5% but the number of direct jobs dropped by 6.1%.

### Percentage Decrease in Ammonia Industry Employment vs. Productivity, 2001-2024

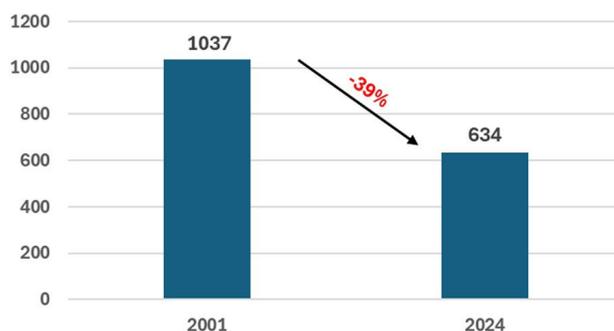


Source: U.S. Bureau of Labor Statistics (NAICS code 325311 – Nitrogenous fertilizer manufacturing), U.S. Geological Survey—Minerals Yearbook (MYB)

Yet the industry saw growing productivity during this period. Ammonia production grew at a compounded rate of about 2% per annum over the last 25 years—but with fewer jobs provided per unit of ammonia productivity.

Studies have questioned the extent to which business tax incentives for a company project really have a “spillover effect” by generating new business activity. One analysis concluded:

### Jobs Provided Per Unit of Ammonia Productivity, 2001 vs. 2024



Source: U.S. Bureau of Labor Statistics (NAICS code 325311 – Nitrogenous fertilizer manufacturing), U.S. Geological Survey—Minerals Yearbook (MYB)

“While we find some evidence of direct employment gains from attracting a firm, we do not find strong evidence that firm-specific tax incentives increase broader economic growth at the state and local level.”

Business development tax incentives are not “free.” Such incentives typically bloc tax revenues the property might otherwise generate from reaching—and benefiting—local communities and schools.

## CONCLUSION

Based on the concerns raised in the five parts of IEEFA's report, Ammonia Build-Out: Recipe for Risks, any plan to grant public monies and tax benefits to ammonia production projects should be subject to rigorous scrutiny and robust public discussion. See Factsheets 2, 3, 4, and 5 on the [IEEFA website](#).

