

Correction: Energy Incentives story

The Associated Press

JACKSON, Miss. (AP) — In some versions of a Dec. 11 story about state aid to alternative-energy companies, The Associated Press erroneously reported that the state of Mississippi gave economic aid to GreenTech Automotive without a contract. The Mississippi Development Authority signed a loan agreement with GreenTech before loaning the company \$3 million.

A corrected version of the story is below:

Companies with \$227M in aid employ fewer than 500

Alternative energy start-ups got \$227M in loans from Miss., have produced fewer than 500 jobs

By JEFF AMY

Associated Press

JACKSON, Miss. (AP) — Mississippi has disbursed nearly \$227 million in aid to six alternative energy companies since 2010, but so far has fewer than 500 jobs to show for it.

Research by The Associated Press finds the state has put in most of its total commitment, mainly in loans, to help some companies get off the ground. But the companies in most cases don't have to meet job targets until five years or more after they begin production.

The three companies that Mississippi has given the most money to, KiOR, Stion and View, have pledged to create a total of 2,330 jobs. So far, after receiving \$195 million in aid, almost all in loans, the three companies have about 300 employees combined.

Officials with the Mississippi Development Authority said it's unfair to judge the companies before they reach the dates specified for job creation.

"Most of these projects are still in the startup phase," said Kathy Gelston, chief financial officer for the Mississippi Development Authority. "Some of them are still in the construction phase. That's like saying 'How is your house that you're halfway through building, how is it performing?' Well rain's falling in it because the roof's not on yet."

Gelston said that under deals with KiOR, Stion and View, the state agreed to finance the first phase of those projects, in part because private investment and loans were hard to obtain.

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"We do believe we will eventually see good returns on these investments, but you're not going to see them in midstream," Gelston said.

The AP review of state records comes after the failure of the Twin Creeks solar plant in Senatobia. The company received \$27.7 million in state aid and is now trying to recover that money as the company liquidates. The city of Senatobia was a pass-through for the aid and owns the building and most equipment. But it's unclear how much money the city will be able to get for those items and repay to the state.

MDA Director Brent Christensen cautioned against assuming KiOR, Stion and View will be just like Twin Creeks.

"You don't want to judge all the projects by the one that failed," he said.

An opponent of state investment in startup companies doesn't hesitate to draw conclusions, though.

"I think it is an extremely poor return on investment," said investment adviser Ashby Foote. He's the volunteer president of Bigger Pie Forum, a group promotes free-market policies for economic growth.

Gov. Phil Bryant and Lt. Gov. Tate Reeves say they oppose some aspects of deals signed under the administration of former Gov. Haley Barbour, but add that Mississippi must live up to contractual commitments it made with companies

Bryant said he's "very concerned" about job creation, but said he didn't think the state could renegotiate with companies that it has already signed contracts with.

"I don't think we could start doing that because one of the things you have to have in economic development is the ability to keep your word," he told AP.

However, state officials haven't signed contracts yet with some other firms, including Silicor, which wants to build a silicon plant in Columbus; Viridia, which wants to build biofuels plants; and GreenTech Automotive, which is building electric vehicles in Horn Lake.

The state had a deal to put in as much as \$54 million, including a \$50 million loan, but only would make half the loan to the San Jose, Calif. company until Twin Creeks itself invested \$27 million. It's unclear how much Twin Creeks put in. Bryant told AP earlier that he stopped further aid to the company. Bryant has said he opposes state investments in start-ups and would prefer to deal with established industries.

Reeves noted he pushed a bill in last year's Legislature that would have limited MDA's ability to make loans without legislative approval. He also said he voted "no" on at least some loan requests MDA made while treasurer. However, other members of the state Bond Commission voted 'yes," allowing the loans to go ahead.

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