SW Ind. County Allowed to Develop Fertilizer Plant

MOUNT VERNON, Ind. (AP) — The state won't stand in the way of a fertilizer plant that a Pakistan-based group is developing in southwestern Indiana despite reservations expressed by Gov. Mike Pence, his office said Tuesday.

Pence directed the Indiana Finance Authority not to block Posey County from backing the Midwest Fertilizer Corp. plant. The move comes after the governor on May 17 withdrew the state's offer of economic incentives because fertilizer made by Pakistan-based parent company Fatima Group had been used in bombs in Afghanistan that have killed U.S. troops.

"The State of Indiana stands by its decision to withdraw support for the Midwest Fertilizer project since Department of Defense officials still have not been able to independently confirm Fatima Group's promise to replace their current fertilizer in Pakistan with a formula less susceptible to misuse by hostile forces in the region," Pence spokeswoman Christy Denault said in a statement.

"Despite a difference of opinion on the matter, Governor Pence respects the prerogative of local officials to continue to explore the possibility of moving forward," Denault said.

After Pence withdrew state support, the Posey County commissioners and council voted to give preliminary approval to the proposed plant, including a $1.3 billion bond issue to finance the project in the county just west of Evansville. In doing so, the local officials stepped into the role the state once held when the bonds were originally issued in December by the Indiana Finance Authority to help pay for the project.

Those bonds had a six-month maturity period, after which they were sold to investors and the proceeds put into an escrow account. The idea was that by the time the bonds matured, the plant's developers would be ready to proceed with construction and would receive the bond funding from the escrow account.

But the state funding hit a roadblock in January, when Pence learned of the U.S. military's concerns over Fatima's fertilizer ending up in bombs killing troops.

Since then, Fatima Group has made several changes to its supply chain and is now working on a new less-explosive fertilizer formula. Lt. Gen. Michael Barbero, a U.S. military commander, last month described Fatima's efforts as "big steps" toward improving product safety.

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