

State Pays Off Beef Plant Debt

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- MCI tax settlement helps state dig out of \$34 million loan guarantee on defunct facility

With the stroke of a pen, Mississippi got out of the beef business Thursday, but the scars from a failed processing plant that cost taxpayers more than \$55 million likely will linger for years.

Gov. Haley Barbour signed a bill that pays off a \$35 million state-guaranteed loan to build Mississippi Beef Processors in Oakland.

The plant opened in August with 400 workers but closed after three months from an equipment failure. Citing inadequate cash flow, too, owner Richard Hall Jr. never reopened.

Lawmakers passed a bill, using money from a \$100 million tax settlement with MCI, the former Clinton-based WorldCom, to retire the debt. Barbour called a news conference to sign the bill and lay blame squarely on House leaders.

"Today I am signing legislation to pay the cost of a bad attempt at economic development," he said. "Mississippi Beef Processors, a creation of the legislative process led by the current House leadership, is costing taxpayers \$40 million." The Senate also had signed off on the project during former Democratic Gov. Ronnie Musgrove's administration.

Barbour, a Republican, also criticized the House for proposing in a special session last month new bond projects that he said were structured without oversight and accountability - similar to the beef plant.

House Speaker Billy McCoy criticized Barbour for politicizing the beef plant fiasco.

"I feel sorry for him if that's the best he can do, to downgrade others to lift himself up," McCoy, D-Rienzi, said. "I'll try to find some positive way to work with him regardless of the governor always looking for a way to trash our ideas."

McCoy said he and other House members have admitted the beef plant was a bad decision, but he said Barbour congratulated Hall, in a letter dated Oct. 13, for his positive impact in the Oakland community and offered his support.

Barbour also used the bill-signing ceremony to call a special session, to begin June 28, to pass Momentum Mississippi, an economic development plan that includes bonds and loans for high-tech companies and distribution facilities ineligible for incentives under current law.

Unlike Beef Processors, businesses benefiting from Momentum incentives will be required to provide the majority of the project's investment, Barbour said.

Meanwhile, the former beef processing plant is now owned by Community Bank. Mississippi Development Authority spokes-man Scott Hamilton said the bank is trying to sell the plant, which could be converted to process a food product other than beef.

"Everybody would like to see it used for something," said Anthony Woods, who operates a convenience store once frequented by plant workers. "It's too good a building and property and location not to be used for something. But people I talk to don't have much faith in it. There's not enough cattle business to support it."

Hall, who has not responded to efforts to reach him about the business, received a \$6.8 million line of credit because he was unable to buy and process the 1,000 head of cattle needed daily to operate the plant. Other design costs, interest, utilities and site security pushed the tab to \$55 million.

Oakland resident Joe Jenkins, who lives near the plant, watched the facility emerge on open pastureland only to see it become vacant. "If they can find the right man in there and keep the place open, people would do the work. People need the work," he said.

A task force, including state Auditor Phil Bryant and Attorney General Jim Hood and the FBI, is investigating Mississippi Beef Processors and auditing the state's Land, Water and Timber Resources Board, which recommended the project. Hall and his wife, Jill, also are under investigation.