Lawmakers Mull $100M In Bonds For Nissan

Jeff Amy, Associated Press

JACKSON, Miss. (AP) — Mississippi lawmakers are considering giving a development agency the capacity to use $100 million in bonds toward the construction of buildings for suppliers of Nissan Motor Co.'s Canton plant.

Two Senate committees voted Tuesday in favor of Senate Bill 2920. It would allow the Madison County Economic Development Authority to issue taxable industrial development bonds, with Nissan using its credit rating to persuade bond buyers to lend money. The authority would own multiple buildings that would house Nissan suppliers brought in to support the assembly plant's continued expansion, said Sen. Will Longwitz, R-Madison.

Longwitz said the suppliers could create 800 to 1,000 jobs.

Kathy Gelston, chief financial officer of the Mississippi Development Authority, told lawmakers that creditors would not be able to seek repayment from taxpayers, only from the company.

"These are not general obligation bonds," she told the Senate Finance Committee. "The county taxpayers could not be held accountable."

Nissan confirmed in general terms that it was recruiting suppliers, but said it had no specific announcement.

"The ability of Madison County to provide bond funding can be a critical tool as Nissan and the automotive industry looks to continue to grow in the county," wrote Nissan spokesman Justin Saia in an email. "To that end, we are constantly working with the state to identify ways to attract automotive suppliers to the state. Having suppliers located near our manufacturing facility is beneficial to Nissan and to Mississippi."

Longwitz said it could be several more months before a deal is announced if one is reached. He said he'd been told the state was also discussing building additional infrastructure for Nissan. The state has given $378 million of incentives to Nissan over the Canton plant's history.

"This bill is part of an ongoing negotiation that MDA has," Gelston said. The project is not a project we can announce."

The building's operator would pay a reduced level of property taxes as agreed by the state in its original incentive deal with Nissan, Gelston said. She said buildings would be constructed on the 1,400-acre Nissan site owned by the state.

By signing an operating lease, Nissan or a supplier wouldn't have to include the

debt associated with the building on its balance sheet, reducing its official debt levels and retaining capacity to borrow for other purposes.

"They've got plenty of other things they need to finance on their own," Longwitz said.

Nissan or the occupants, as part of the bond agreement, could take an option to purchase buildings after bonds are repaid. But the building would not be given to the company for free at the end of the bond issue, said Lucien Bourgeois, a bond lawyer for the Madison agency

Nissan and contractors employ about 5,200 people at its Canton complex, which opened nearly 10 years ago. By the end of 2014, the company plans to make eight different vehicles there. Nissan plans to add another 400 employees as part of an expansion to make the Murano.

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