

Ike amendment breathes new life to little-used development corporation

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Although it has existed for decades, most members of the Jefferson County Industrial Development Corp. met for the first time Monday.

And their efforts could help to revive a dormant refinery in rural Jefferson County and provide more than 100 jobs.

This could all happen because of an amendment to the federal tax code that originally was intended to benefit areas struck by Hurricane Katrina in 2005. It now includes some areas hit by Hurricane Ike, including Jefferson County.

The little-used Industrial Development Corp., whose board consists of the five members of Commissioners Court, has had little power to assist industry in the past, because it could not issue bonds worth more than \$10 million, said Jeff Branick, assistant to Jefferson County Judge Ron Walker.

A recent federal internal revenue code amendment may bring the corporation more business by allowing the group to issue bonds worth hundreds of millions of dollars for industrial development.

"It's a plus for them, and it's a plus for us," Branick said of a \$330 million proposal heard Monday to renovate a re-finery. "It's going to create economic stimulus. It's going to create jobs locally."

In the fall, the Internal Revenue Service amended an act that allows five hurricane-stricken Texas counties, including Jefferson, Branick said, to issue tax-free bonds worth an unlimited amount until Jan. 1, 2013, the IRS Web site said.

Originally the act, written in 2005, affected the Louisiana and Mississippi coast hit by Hurricane Katrina but was amended to fit five Hurricane Ike counties in Texas and two parishes in Louisiana.

The last time the commissioners met as the development board was in the mid-1990s, when a company attempted to build a paper recycling plant in the county, said Guy Goodson, special counsel for the corporation.

For more than a year the board met, but the project never got off the ground.

Because it had a \$10 million limit, the corporation could do little for Southeast Texas industry.

"You can't do a lot with \$10 million in the area," Branick said. "You may help an industry put in a driveway."

On Monday morning, the board met to discuss a proposal by Jefferson Refinery LLC. The limited liability corporation produced a three-inch binder for its application, and the commissioners plan to send it to the governor's office, which has final approval, Branick said.

Acting as a conduit for the bond will cost the county or the development corporation nothing, Branick said. Jefferson Refinery will have to pay for the county's legal costs of hiring special counsel, he said. So far, the refinery company has paid \$2,500 toward legal costs.

Jefferson Refinery proposes to buy a shuttered refinery on Texas 124 at its intersection with Rollins Road between Hamshire and Winnie, according to its application.

It would take 24 to 36 months to repair, employing 300 construction workers. Once completed, the company would hire 100 to 150 workers, Branick said.

The rebuilt plant would refine crude oil and condensate, Branick said.

On Monday afternoon, Jefferson Refinery did not contact The Enterprise when a reporter left two messages at a phone number the company used in contact information in its application to the development corporation.

In a time of recession, Goodson said, it may be tough to find banks to take on the tax-free debt, but the development corporation has a few years to work through the deal.

"It will be interesting to see if it can come to fruition," Goodson said. "It's a great little project that has opportunity for employment to get a facility that has not been well-operated in a decade. You always like to see things get new life."