

Company makes plans for Texas City plant

TEXAS CITY (AP) — Construction of a \$280 million copper smelter by Tokyo-based Mitsubishi Metal Corp. was announced Monday for Texas City if federal environmental standards can be met and if the plant can be profitable, officials said.

The plant, the first significant industrial addition to Texas City in 22 years, would offer permanent employment for about 250 people and generate an estimated \$5 million annual payroll.

More than 1,000 construction jobs would be created during the two-year construction period. And once in operation, the plant would generate another 700 indirect jobs, add \$23.6 million in personal income and \$100.3 million to the gross state product, officials estimated.

The plant initially would produce about 150,000 metric tons of copper, plus sulfuric acid and other byproducts to be marketed in the United States and Europe.

The smelting process is used by the Mitsubishi at other plants in Japan and Canada and would refine copper ore from South America.

The company had narrowed the selection of the plant site to between Texas City — about 40 miles southeast of Houston — and Uncle Sam, La., a small Mississippi River town between New Orleans and Baton Rouge.

"The final decision to proceed is subject to the project offering a satisfactory financial return and being technically feasible and environmentally acceptable," Izumi Sukekawa, general manager of Mitsubishi's U.S. Copper Project Department, said. "Now we will dedicate our energies and effort to try to actually make this plant happen."

No final site has been determined although several locations in the Texas City port area are under consideration. One of the criteria for the site was a 40-foot-deep ship dock.

U.S. Sen. Phil Gramm said he was confident the plant would be built and environmental considerations would be met.

"These are conservative Japanese business people," Gramm

said. "If I was investing \$280 million, I'd be cautious too. We have every reason to believe the technology will be the best in the world ecologically."

Gramm said the U.S. Environmental Protection Agency has been involved in the negotiations and he was certain the agency would approve the project.

He also said he assured Mitsubishi officials that there was "no one who had made a long-term investment in our state and had not made money."

"Our success Texas shows Texas can compete with any other area of the United States and any other area on earth."

Asked why he had selected Texas, Tokio Yanagida, senior managing director for Mitsubishi, said, "People have been very good here. People in this state have been very good."

Texas City Mayor Emmett Lowry said the day would go down as an exciting and important date. "We stand ready to join Mitsubishi Metal Corp. in a long, prosperous and successful future relationship," he said.

Among economic incentives offered the company were local and state tax breaks that could amount to some \$5 million a year for up to five years.

Mitsubishi touts its copper processing system as compact, pollution-free and highly efficient. Similar plants already are in operation in Naoshima, Japan and Ontario, Canada, the company said. Officials said they would apply for environmental and construction permits by April and hoped to start construction in November. The plant should be commercially operating by September 1991.

Copper produced in the plant would be used for production of wire and rods for use in construction and electrical equipment and for housing and industrial supplies. "Business is discovering that Texas is in fact the land of opportunity," Gov. Bill Clements said in a statement from Austin. "Mitsubishi Metal today becomes an important participant in the Texas economic recovery."

Funding proposal follows trend

AUSTIN (AP) — Proposals to issue bonds to build 11,000 prison beds are part of a trend in state government in the 1980s to build government facilities by borrowing against future tax revenues, something the state had all but avoided since 1915.

According to a report Monday by the *Houston Chronicle*, Gov. Bill Clements' call to borrow \$343 million for prison construction didn't disclose that interest on that debt would cost nearly \$330 million, or that about \$9 million would be paid to lawyers, financial advisers, investment bankers and underwriters to issue the bonds.

The *Chronicle's* review of Texas Bond Review Board and comptroller's office records showed that when this decade opened, Texas had \$16 million in taxpayer-supported debt.

At the close of the last fiscal year, the state had \$704.7 million in taxpayer-supported debt, mostly to pay for prisons, mental health and university construction, the newspaper said.

Lawmakers also have authority from voters to issue another \$1.2 billion in debt, primarily for the superconducting super collider and new prisons and state office buildings.

This legislative session alone is "locked into using about \$200 million in taxpayer dollars to service the debt already accrued in this decade," the *Chronicle* reported.

In 1980, no taxpayer dollars were used for state debt service. By the year 2009, Texans will have spent more than \$350 million of their tax dollars in interest on already existing debt, the *Chronicle* said. Clements' prison plans would double that amount, according to numbers provided by the bond review board.

"I'm not sure the generous use of bonding is consistent with our traditional fiscal conservatism," said Sen. Kent Caperton, D-Bryan, chairman of the Senate Finance Committee.

"I'm afraid a lot of people are looking over there and saying, 'Wait, wait, we don't have to pay for everything right now. We can put it off,'" Caperton said. "That's true. It gets

us through the short-term crisis, but it doesn't do anything for the future to put it off."

The Texas Constitution says "no debt will be created by or on behalf of the state." However, the constitution has been amended by voters many times to create debt for specific programs.

But up until the 1980s, those amendments involved bonded indebtedness for self-sustaining programs such as the Veterans Land Program or the Water Development Fund. Those programs use the credit of the state to borrow low-interest money, which is lent to individuals or local governments. The state debt is repaid as the loans are repaid, rather than by taxpayer dollars.

The total amount of bonded debt for the state stands at \$7 billion, and debt service accounts for 6 percent of all state spending, the *Chronicle* reported. Most of that debt will not be repaid with taxpayer dollars.

The trend changed in the 1980s as the state's economy declined and

lawmakers found themselves faced with tighter budgets.

Clements said he sees no point in forcing taxpayers to pay for a prison facility now that will be in use for 30 years. He wants his prison bond issue before voters by May.

"If there ever was anything that was proper for us to bond, it's our prison system, where those facilities will be on line and in use for a 25- or 30-year period," the governor said. "It's absurd, and that's my opinion, to pay for a program that involves \$300 million all in one year when we're going to be using it for 25 or 30 years."

House Appropriations Committee Chairman James Rudd, D-Brownfield, calls it deficit financing.

"Yeah, a prison lasts, a highway lasts, whatever you bond is going to last," Rudd said. "All we're doing is postponing, having a longer pay with interest. It's not a savings for the state. It's just not facing up to realities."

AEC hires lawyer, lobbyist; hopes to avoid pension debt

KILLEEN (AP) — The American Educational Complex is paying \$97,000 to a prominent Austin lawyer to press several key issues during the legislative session, including relieving the college of a potential multimillion dollar liability and permitting its out-of-state teachers to draw state retirement contributions, the *Houston Chronicle* reported Monday.

College records obtained by the *Chronicle* under state open records laws show that the Killeen-area college recently hired attorney Jack Gullahorn to advance its position on thorny issues pending before the Teacher Retirement System of Texas and the Texas Higher Education Coordinating Board.

Some state officials criticized Gullahorn's hiring, saying that it is not the best way to resolve complex problems.

"He's one of the hired-gun lobbyists up there, one of the bright and shining stars of lobbyists, but what he's been asked to do is going to take a miracle," said Rep. Talmadge Heflin, R-Houston, a member of the House Committee on Retirement and Aging.

Reports have stated that the college would lobby for legislation to help it circumvent a 1979 state law requiring it to seek federal contributions toward state retire-

ment funds for workers hired under federal contracts. The state has been making most of these contributions, and officials have estimated the college's liability at \$7 million. The college has acknowledged no liability.

"I think they owe the money, and it's not a good thing to use college money for lobbyists, especially when you're trying to get out of what you're supposed to do," Heflin said.

AEC Chancellor James R. Anderson denied any wrongdoing. "There is nothing insidious in hiring an attorney," he said. "I don't have to alibi for it. The pope has an attorney. The governor has an attorney. Why is it so bad that the American Educational Complex has an attorney?"

He said the lawyer is being paid from college operating funds. Gullahorn said in a letter to Anderson that he would pursue "activity at these agencies and other branches of state government" for the \$97,000 fee but that any litigation would be billed extra "on a traditional hourly basis."

Gullahorn also suggested in the letter that the troubled community college hire "an outside media-grassroots consultant" to help solve the difficulties with the state.

University awards cash to informant

University News Service
Texas A&M and its Association of Former Students have presented the first monetary award in a new program designed to reward individuals for providing information concerning criminal activity on campus.

Robert Smith, Texas A&M's vice president for finance and administration, recently announced that a \$2,500 award had been made by the University and its alumni association to an individual who provided the name of the man ultimately arrested and charged with the Oct. 20 abduction, sexual assault and attempted murder of a female student.

The reward fund, jointly maintained by Texas A&M and the alumni association, was authorized by Texas A&M President William H. Mobley shortly after he assumed the presidency in August and offered its first cash award for information on the Oct. 20 incident.

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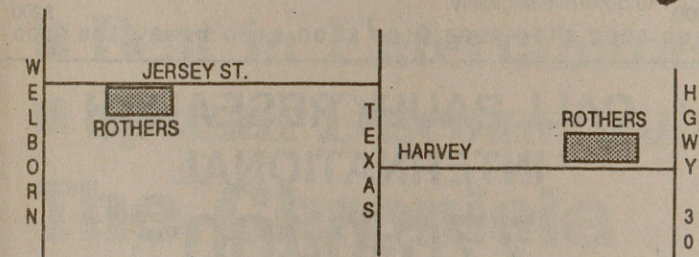
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