

THE BOND BUYER

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Intrepid Ends Revenue Bonds with County

By Maddy Hayden
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EDDY COUNTY, N.M. -- Intrepid Potash has terminated two Industrial Revenue Bonds issued to them by Eddy County in 2009 and 2010 for a combined \$150 million.

County commissioners signed off on the termination at Tuesday's meeting.

"All they needed was our approval to turn the lease back over to Intrepid," Eddy County Commission chairman Royce Pearson said.

Intrepid Potash, Inc., Vice President and General Counsel and Secretary Margaret McCandless said the bonds were long term, set to mature in 20 to 30 years.

Industrial revenue bonds are complicated, but essentially provide tax subsidies or other financial benefits to businesses.

Here's how they work: a company deeds the land to be used for the project to a municipality or county, in this case Intrepid Potash and Eddy County. At the same time, the county leases the land back to the company for the bond term. The company must purchase the lease back on the bond maturity date for a small amount.

Intrepid purchased the leases back from the county for \$1 apiece.

The bond funds were used by Intrepid to pay for the HB Solar Solution Mine Project (\$60 million) and the Langbeinite Recovery Improvement Project (\$90 million), according to Eddy County attorney Cas Tabor.

McCandless said the company was exempt from gross receipts tax for all tangible property purchased for the projects.

"We either hit the limit of the bond or were done buying tangible property for the project," McCandless said, explaining the decision to terminate the bonds.

Lea County also has a \$40 million industrial revenue bond with Intrepid, which McCandless said they are also planning to terminate.

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