

Development

Greater use of state bonds is proposed

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FRANKFORT, Ky. — Kentucky's economic-development program, the centerpiece of Gov. John Y.

Brown Jr.'s administration, will continue in the same direction during the balance of his term.

But Brown proposes to increase the use of bonds to help finance major capital projects or commercial and industrial expansion. One project under consideration is development of a ski resort at Pine Mountain State Park near Pineville.

The governor, at a briefing yesterday on his \$3.96 billion budget proposal, said his development program would remain substantially the same during the next two years

"because it worked" in the past. However, Brown wants to accelerate use of the Economic Development Bond Program, which he acknowledged has been used rather conservatively in the first two years of his administration.

He wants the legislature to authorize a total of \$8 million for the 1982-84 biennium to underwrite \$75 million in bonds. The bonds would help private industry pay for major industrial or recreational facilities. The ski resort at Pine Mountain might be included in the program, Brown said, with proceeds from the bonds used to help a private developer.

The state would not consider a ski resort at Pine Mountain until it has

had a year's experience with the less elaborate ski facilities at General Butler State Park near Carrollton, Commerce Secretary Bruce Lunsford said.

Lunsford said the request for the \$75 million in development bonds assumes that interest rates will fall and the economy will improve in the near future. The state will not be able to use the bonds if the economy does not improve, he said.

Brown also wants legislators to authorize \$50 million in bonds to permit the Kentucky Development Finance Authority to make loans to private enterprise for manufacturing, agribusiness and tourism projects. The legislature has been asked

to appropriate \$8 million for debt service.

The use of bonds has been a major — and frequently controversial — aspect of Brown's development program. Some legislators have talked of trimming the authority of local governments to issue industrial revenue bonds for a wide variety of commercial projects. The legislature granted that authority, at Brown's request, just two years ago.

But Brown defended the program again yesterday, saying "regulations are about as tight as they can be." The industrial revenue bonds have been an effective tool in spurring commercial development at a time of high interest rates, he added.

Brown's development program also urges the legislature to:

• Add \$1 million each year of the biennium to the Industrial Development Program, which is used to recruit industry from out of state and to monitor the needs of Kentucky businesses.

• Create a maintenance and restoration trust fund for the state park system to renovate park facilities. Higher room rates at lodges would produce about \$1 million a year over the biennium to pay for the improvements, none of which is major.

Lunsford said he expects to submit separate legislation later in the session proposing tax-abatement measures to lure industrial development.