

THE ADVOCATE

Major tax break for business dies in Senate committee

BY TYLER BRIDGES | tbridges@theadvocate.com Jun 1, 2017 - 5:19 pm

A state Senate committee killed legislation that would have allowed local governments to give a new kind of tax break to manufacturing companies.

Lobbyists representing mayors, city councilmen and police jurors said [House Bill 444](#) would give local governments a new incentive to attract investment, but assessors and a public interest group representative called it a tax giveaway to big business.

Louisiana Economic Development, a state agency, also testified favorably about the bill.

The Senate Revenue and Fiscal Affairs Committee killed it on a 5-5 vote.

HB444 would have allowed local government officials to reach agreements with businesses in advance of their investments. Instead of getting property tax exemptions, businesses would build roads and the like needed for their plants upfront in exchange for local governments agreeing to waive property tax payments down the road.

“This is another tool for economic development and local government,” Mandy Mitchell, assistant secretary for Louisiana Economic Development, told the senators, noting that local government officials would voluntarily enter into the agreements with businesses.

In a legislative session that has seen little bipartisanship, the Louisiana House approved l...

Broderick Bagert, a representative of Together Baton Rouge, a coalition of church and civic groups, warned that the bill would tempt local government officials into making sweetheart deals with businesses to get the upfront infrastructure investments. He added that local government officials would be bound by those deals, no matter how bad it was.

Those arguments proved persuasive with the committee members.

In an interview afterward, state Sen. JP Morrell, the committee chairman, said he could foresee businesses spending millions of dollars to elect friendly police jurors in rural parishes who would then cut a deal that provided a short-term benefit to a parish at a long-term cost to taxpayers.

“If you’re Acme Oil and Gas and you know you can get the right people in office when you’re planning to make a billion-dollar investment, you can end up paying pennies on the dollar by spending \$5 million to \$10 million on police jury races,” said Morrell, D-New Orleans. “Suddenly, that becomes a smart investment.”

Morrell also questioned the need for the new incentive given that Gov. John Bel Edwards last year limited the long-time program for doling out property tax exemptions for new investment. The changes will produce higher tax revenues for local governments.

Voting against the bill were: state Sens. Gerald Boudreaux, D-Lafayette; Troy Carter, D-New Orleans; Morrell; Karen Carter Peterson, D-New Orleans; and Dale Erdey, R-Livingston.

Voting for the bill were: Eddie Lambert, R-Prairieville; Jay Luneau, D-Alexandria; Neil Riser, R-Columbia; Gary Smith, D-Norco; and John Smith, R-Leesville.

In other business, the committee advanced legislation that would impose a 4-cent tax on cell phones per month to provide services to the deaf (House Bill 582). The measure, which would raise \$4 million per year, goes to the full Senate.

The committee also approved legislation that would make permanent a temporary reduction in income tax breaks for business. House Bill 651, which goes to the full Senate, would raise \$12 million per year.

The committee also approved tax exemptions for certain oil wells that are brought back into production, for the spouses of emergency responders killed in the line of duty, rental companies and certain kinds of investments in construction.