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Business Report

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ExxonMobil: Major investment hangs in the balance, as opposing sides square off over ITEP

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MARCH 19, 2018

The war of words over how Baton Rouge should handle Industrial Tax Exemption Program requests continues to rage. Nearly three dozen speakers with very different perspectives on ITEP weighed in this morning on how East Baton Rouge Parish should structure its criteria for granting property tax abatements to manufacturers.



At a meeting of the East Baton Rouge Parish committee charged with devising guidelines local taxing authorities will follow when evaluating ITEP applications, representatives from big business and industry, including ExxonMobil, Turner Industries and ISC Constructors, called for a system that will be transparent, fair and generous to manufacturers.

ISC Constructors vice president Kyle Zeringue argued companies should be eligible for the lucrative exemption not only when they're expanding their local facilities but when they're investing in upgrades and, even, routine maintenance.

“It is just as important to support upgrades and modernizations to maintain a competitive advantage (with other states),” Zeringue says. “It is very shortsighted to think companies have to come here because of the Mississippi River or that they have to stay here because they are already here.”

On the other hand, members of the community group Together Baton Rouge, which has played a key role in the ongoing changes to the ITEP, called for tougher standards than those proposed earlier this month by the Baton Rouge Area Chamber and currently under consideration by the committee.

The group argues that for too long the state rubber stamped ITEP exemptions, depriving local governments of tax dollars needed to fund schools, infrastructure and social programs.

“We need some balance,” says Ann Dunn, a **Together Baton Rouge** member and retired legislative staffer. “We’re acting like a third world country on our knees willing to give up everything. We don’t have to do it this way.”

Today, Together Baton Rouge unveiled its own proposed criteria for evaluating the exemptions. It would award the exemptions on a sliding scale tied directly to job creation. Both small and large companies would be eligible for a maximum exemption of up to 80% for the first five years, and 60% in years 6-8.

BRAC’s proposed matrix would grant full ITEP property tax abatements to any eligible small business for the first five years, and an 80% tax break for years 6-8. Many large companies would also be eligible for up to a 100% tax break for the first five years and an 80% break in years 6-8.

Against the backdrop of today’s debate, **ExxonMobil** suggested a major capital investment at one of its Baton Rouge facilities hangs in the balance. Executives with the petrochemical giant say they are eyeing Baton Rouge for a multibillion investment that would mean new, out of the ground construction and a new line of processing.

“We’re looking at the Gulf Coast to do this particular line and it’s new technology a big project, 152 feet tall out of the ground,” says Charles Dabadie, ExxonMobil’s regional manufacturing manager for the Americas. “We want it to come here.”

But until the company has a better feel for what the ITEP committee is going to recommend, he says he can’t say for sure whether the project will come here.

“I’m dragging my feet at this point,” he says. “I know it’s a difficult decision for the committee but we’d just like to know the answers.”

For the second time this month, the committee put off voting on a set of ITEP criteria, but several committee members say they hope to finalize everything at their next meeting in one week, March 26.

Once the committee votes on a set of criteria, each taxing authority in the parish—the Metro Council, school board and sheriff—as well as the Louisiana Board of Commerce and Industry must still approve applications from companies seeking the lucrative exemption.