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EXXON

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public schools and other public services.

Now, the battleground over the Industrial Tax Exemption Program shifts to the Metro Council, which will take up ExxonMobil's request for tax breaks at its meeting on Wednesday.

"We've been working on this for three years and what we have now is an open public process that the local entities are getting engaged in and the people are getting in engaged in," said Dianne Hanley, a leader of Together Baton Rouge. "That is democracy in action."

And it was a rare defeat for ExxonMobil, which has routinely received such tax exemptions through the history of the state's 82-year-old Industrial Tax Exemption Program. The two requests voted down Thursday were for work completed in 2017 at the company's Baton Rouge refinery and polyolefins plant.

During the debate, and afterward, ExxonMobil representatives warned that continued investment by the company in Baton Rouge can't be taken for granted; future projects could go to Texas and to other company operations.

"In order to compete, one of the many things that we do look at is cost," said spokeswoman Stephanie Cargile.

Angela Reams-Brown, president of the East Baton Rouge Federation of Teachers, called that a "scare tactic."

"Exxon wants us to believe they're going to pack up and leave Baton Rouge. That's highly unlikely," Reams-Brown said. "Can you imagine packing all that up on Scenic Highway and going somewhere else?"

Michael Hicks, director for the Center for Business and Economic Research at Ball State University in Indiana, said he's skeptical of that happening.

Hicks said many economists have looked at how big a difference economic incentives play in getting companies to locate in an area and they either find they

make no difference or they make only a modest difference but at a substantial cost.

That said, Hicks said there's little research about what happens to business investment when governments cut back on tax incentive programs like the ones in Louisiana because that happens so rarely.

"Over the past 25 years, the use of these particular capital investment incentives has grown so much that we don't have too many examples of the opposite," Hicks said.

ExxonMobil is also blaming its poor reception by the School Board in part on the "negative rhetoric" of Together Baton Rouge and other opponents.

"ExxonMobil is being singled out for following the rules and following the advice we were given," said spokeswoman Megan Manchester, noting that dozens of other companies have recently received after-the-fact exemptions.

The company sent out an email in advance of Thursday's School Board vote to many school employees titled "Setting The Facts

Exxon loses bid for \$2.9M tax break

For first time, EBR School Board denies exemption

BY CHARLES LUSSIER
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The biggest taxpayer in East Baton Rouge Parish will be paying more in property taxes after the parish School Board rejected its requests for breaks for its refinery and polyolefins plants.

ExxonMobil's narrow 5-4 defeat came just shy of midnight Thursday at the end of a marathon, seven-hour meeting. But it was also the culmination of years of organizing by the faith-based group Together Baton Rouge and allied education groups. They have rallied for changes in how industrial tax breaks are given out in Louisiana as they seek to raise more money for

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Straight On ExxonMobil and ITEP."

The email sparked complaints from employees who wondered how the company got access to their email.

"How I got your email addresses? It's public. It's on the website," explained Rory Denicola, an ExxonMobil communications coordinator.

The School Board's rejection of the company's request for the tax break means ExxonMobil is on the hook to pay an additional \$2.9 million in school property taxes — which averages out to \$290,000 a year — over the next decade, starting with its 2018 tax bill.

The Metro Council will consider ExxonMobil's two requests when it meets Wednesday. Sheriff Sid Gautreaux also has yet to weigh in. They will be deciding on \$3.5 million worth of municipal and law enforcement property taxes. The Metro Council and the sheriff have until the end of February to decide. If they take no action, the exemptions for those property taxes go into effect.

The program, created in the 1930s, gives property tax breaks to manufacturers that plan to spend money on expansions or improvements.

In June 2016, Gov. John Bel Edwards ordered that local government have a say in the state's decades-old program.

Under new state rules that took effect on Aug. 20, approved projects receive an 80 percent property tax abatement — down from 100 percent previously — over 10 years, instead of eight in an earlier version. But local taxing authorities now have an opportunity to say "yea" or "nay" to the portion of the tax breaks that applies to them.

This was the third time the School Board has been asked to weigh in on a tax break and the first time the panel voted any down.

Here's how the vote went:
Voting no: Board members Dawn Collins, Tramelle Howard, Dadrius Lanus, David Tatman and Evelyn Ware-Jackson.

Voting yes: Board members Mark Bellue, Connie Bernard, Jill Dyason and Mike Gaudet.

ExxonMobil had a difficult time explaining why it still needs a tax break when the work has long since been completed.

In October, Ware-Jackson voted in favor of exempting a major proposed expansion at the polyolefins plant, but she had a different view of the work from 2017, noting that since it was complete it didn't qualify as an incentive.

"I would be a lot more receptive for a new project, something that's going to bring in new business, new jobs," Ware-Jackson said.

Collins was more blunt: "The project is done. It's over."

The school system's poor financial situation also played into Thursday's result. Superintendent Warren Drake is trying to find ways to save \$30 million to \$40 million over the coming months in order to keep the system out of a financial hole.

"We are on life support, point blank period, and we deserve this money. I urge you to deny these exemptions," said Tia Mills, president of the East Baton Rouge Association of Educators.