

THE ADVOCATE

Louisiana voters reject new tax break in a landslide, after opponents put on full-court press

BY SAM KARLIN | STAFF WRITER NOV 4, 2020 - 12:53 PM

Louisiana lawmakers earlier this year voted overwhelmingly to ask voters to add a new tax break to the state constitution that would allow manufacturers to negotiate lower tax bills with local governments.

On Tuesday, voters rejected the idea in a landslide. All 64 parishes, including GOP and Democratic strongholds, voted against it. Almost as many Louisiana voters rejected the proposed Constitutional Amendment 5, as it was known, 1.22 million, as voted for President Donald Trump, 1.25 million.



“You’re talking about liberal, conservative, Black, White, Democrat, Republican, Independent, it failed by a landslide,” said Edgar Cage, an organizer with **Together Louisiana**, which rallied against the amendment. “This should be a clear message to the Legislature that the taxpayers, the people of Louisiana are tired of these corporate tax exemptions and giveaways.”

Opponents of the measure put on a full-court press to defeat it. Backed by hundreds of thousands of dollars from teachers’ unions and progressive organizations, activists blanketed the TV airwaves with ads. An army of volunteers phone-banked and canvassed in the state’s major metro areas.

On Tuesday morning, Khalid Hudson, a **Together Louisiana** organizer, hopped in a white Chevy Silverado at City Park in Baton Rouge as a volunteer riding shotgun used a PA system to get several dozen supporters lined up behind them. A caravan took shape, as a line of cars and bicycles adorned with signs that said “No on 5” and “Stop corporate welfare” followed Hudson on a route that took them past a host of precincts in predominantly Black areas of Baton Rouge that saw low turnout in the early voting period. A crop of volunteers followed on foot for the journey across Old South and north Baton Rouge.

With the presidential election sucking up most of the oxygen, Hudson said Together Louisiana wanted to get out their message on Amendment 5, which was placed far down the lengthy ballot and asked voters, “Do you support an amendment to authorize local governments to enter into cooperative endeavor ad valorem tax exemption agreements with new or expanding manufacturing establishments for payments in lieu of taxes?”

“We try to have a hyper focus on local issues because those are the issues that directly impact your life,” Hudson said. “When we start to explain it, almost 100% of the time people say ‘we want nothing to do with this.’”

Manufacturers, especially petrochemical companies and firms building multi-billion dollar liquefied natural gas export terminals in southwest Louisiana, would have been able to negotiate lower tax bills if the amendment passed. Those companies already take advantage of the state’s Industrial Tax Exemption Program, which allowed them to pay just 20% property taxes for up to a decade. The new amendment would let them pay less over the long term in exchange for giving local governments more money up front, supporters argued.

The Louisiana Taxpayer Education Fund, a new political group that formed in the run-up to the election to fight the measure, raised roughly \$800,000 from donors--mostly from the National Education Association, the country’s largest teacher union, which dropped in nearly \$600,000, according to filings with the Louisiana Ethics Administration. The Strategic Victory Fund IE PAC, a Raleigh, North Carolina-based organization that spends money on liberal causes across the U.S., gave \$200,000. The Green Advocacy Project, a progressive political nonprofit in Palo Alto, donated another \$100,000.

Those contributions translated into a significant statewide TV ad buy. The group paid Arsement Media Group – the firm that Gov. John Bel Edwards used to make his election spots – to cook up advertising against the idea, and they ran in Shreveport, New Orleans, Alexandria, Monroe, Lake Charles and Baton Rouge.

“Amendment 5’s failure wasn’t assured,” said Mary-Patricia Wray, with the LA Taxpayer Education Fund. “A massive paid and grassroots effort to educate voters. That shows in the standout numbers among other amendments on the ballot. Normal people are asking themselves, ‘If I can’t negotiate my taxes why should we be creating a way for big companies to do it?’ Voters answered that question at the ballot.”

Meanwhile, Together Louisiana had hundreds of volunteers phone banking and did similar caravans in New Orleans and Shreveport, targeting voting precincts with 30%

or less early voting turnout. The targeted get-out-the-vote effort, which used about 1,700 “block captains” across the state, was an extension of a strategy the organization used last year to turn out voters in the governor’s race, which was credited with helping Democratic Gov. Edwards win re-election, though Together Louisiana and its affiliates are officially nonpartisan.

The Legislature in a session that was shortened by the pandemic earlier this spring voted by large margins to put the proposal on the ballot. Only 16 of 105 House members and four of 39 Senators voted against it. Constitutional amendments require two-thirds support from the House and Senate, but they don’t go to the governor for approval or veto like most bills do.

State Sen. Mark Abraham, R-Lake Charles, sponsored the bill. He said previously he wants local governments to have resources they haven’t been able to get from ITEP, which has been in place for decades but was reined in somewhat by Edwards.

For instance, Cameron Parish, just south of Lake Charles, has struggled to pay for needed services like schools, roads and other infrastructure improvements largely because the parish is exempting about \$700 million a year from manufacturers. That’s 10 times the amount of property taxes it was collecting.

Abraham, who did not respond to a request for comment Wednesday, has argued Amendment 5 would have allowed parishes like Cameron make up some of that money in the short-term, giving them a larger share of the company’s tax bill up front, in exchange for giving a more generous exemption in the long-term.

“It’s a trade-off,” Abraham said last month. “Would you believe that economic stimulus for a new road is worth it right now, compared to receiving it 10 years from now? Each local government, they decide. If they don’t believe it’s worth giving away the store, they won’t do it.”

The amendment was backed by the Louisiana School Boards Association, the Police Jury Association of Louisiana and the Louisiana Sheriffs' Association. Parish tax assessors opposed it, as did teachers unions and other advocacy groups like Together Louisiana.

The ballot proposal’s roots can be traced to a single company, Cameron LNG, trying to negotiate a deal with Cameron Parish in 2016 in which it would have avoided paying \$1.5 billion in property taxes starting in 2029 by instead paying just \$500 million over two decades. The company has disputed the tax break would have been quite that large because equipment depreciates over time. The courts struck down the agreement in

2017, and Abraham and other lawmakers have tried to amend the constitution since, culminating in Tuesday's vote.

Voters rejected it by large margins in Democratic areas like Orleans Parish, which voted 74% to 26% against it, and East Baton Rouge, which rejected it by a 64% to 36% margin. The Republican stronghold of Lafayette Parish rejected it by a 64% to 36% margin, and Jefferson Parish voted on a similar split.

Staff writer Andrea Gallo contributed to this report.