Panel OKs pollution controls tax break

By BILL McMAHON
Capitol news bureau

A Louisiana legislative committee approved a bill Monday exempting industry from sales taxes on pollution abatement equipment— a measure that could reduce state tax revenues by $4 million to $5 million.

The bill, HB1242 by Rep. Raymond Laborde, D-Marksville, is supported by the Roemer administration. Roemer special counsel John Kennedy represented the administration in the hearing before the House Ways and Means Committee.

The panel voted without opposition to send the bill to the House for further consideration.

Manufacturing companies already receive a 10-year property tax exemption on local taxes for construction, said Bill Black, economist for the Legislative Fiscal Office.

Rep. Al Ater, D-Ferriday, said the intent of the bill is “to give a little encouragement, a little incentive” to industries to install pollution control equipment.

Because of the committee’s concern about the extent of financial impact the bill might have, Kennedy agreed to amendments that would limit the sales tax exemption to major equipment purchased by big industry.

The bill was also changed to give the Department of Environmental Quality, along with the Department of Revenue and Taxation, authority to set guidelines on what equipment would be subject to the tax break.

“We’re going to try to tighten this up a little more when it gets to the House floor (for a further vote),” Laborde said.

Although supported by industry and the administration, the bill was not universally favored.

Eloise Wall, representing a coalition of environmental groups, said the proposed act gives companies a tax break for doing what is required by federal clean water and clean air acts.

“I have grave concerns about (the bill),” Wall said.

She said giving the companies a tax exemption means that loss revenues would be borne by other taxpayers.

“It shifts the cost of mandated pollution control devices to the ordinary taxpayer,” Wall said.

During the past weekend there were reports in the newspapers, Wall said, quoting Senate President Sammy Nunez on his proposing an increase in sales taxes on food and utilities to help with state government’s financial problems.

Also, she said, another report pointed out that Louisiana’s taxes are not low compared to other states.