

# People First: Building Sustainable Communities

## Problem Statement

Ratified 3/8/97

Louisiana citizens have paid a high price for our state's refusal to link strong environmental protection and a quality educational system with economic health. We are told that regulations drive business away, and that without generous incentives, major corporations will not invest in Louisiana and provide the jobs and capital we need to prosper. But this argument has backfired. By framing the debate in terms of jobs or the environment, our leaders have created an arena of weak regulations and excessive industrial subsidies. Instead of prosperity, we now have a poor economy, a poor education system, and a poor environment. The societal decay resulting from these policies is manifested in high crime and poverty rates, poor health levels, and pollution. Quality of life is declining for all Louisiana citizens, but people of color and low-income communities bear a disproportionate burden because they are more often located near industries.

Major facets of the problem are outlined below.

### **Industrial Subsidies**

Our state grants industrial tax exemptions to industries regardless of whether the companies have good environmental records or plans to create permanent jobs for local residents. The subsidies take funds directly away from local governments that would otherwise be used to support parish schools and infrastructure. For example, in 1996 the value of all newly tax-exempted manufacturing property was \$2.5 billion. In the same year, parish property taxes were abated by over \$364 million, and school board property taxes were abated by over \$131 million. Not only are local schools underfunded when excessive tax subsidies are given to industry, but many citizens pay expensive sewer user and solid waste fees. Citizens who live near subsidized industries are not only exposed to more emissions than other citizens, but their communities' infrastructure is often poor, with unpaved roads, no street lights, and no public transportation.

Besides industrial tax exemptions, our high sales taxes are a hidden subsidy to those with high incomes and large property holdings. State policy also contains subsidies for industry in energy pricing and pollution control. A large portion of the subsidies leave the state in the form of payments to management and shareholders who don't live here. But the subsidies are paid by Louisiana citizens, who then become less well off. Because we give more subsidies to industry than any other state, our income disparity is the highest in the nation, on par with Mexico's.

### **Regressive Energy Rates and Taxes**

Louisiana residential energy customers pay four times what industrial energy customers pay for an equal amount of energy. Once again, the most impacted citizens are those who live closest to the industries. Not only are these citizens exposed to emissions from power plants, but because they are usually poor and have difficulty paying high energy bills, their utility services are frequently cut off. By marketing energy to large industrial users at subsidized rates, utilities have promoted enormous energy waste at great cost to the environment and to residential rate payers. Regressive energy rates together with the state's historic reliance on high sales taxes hit our citizens doubly hard and reinforce Louisiana's high poverty and crime rates.

### **High Pollution Levels**

Louisiana has many good environmental laws on the books. Some like the Louisiana Supreme Court decision in the Save Ourselves versus IT Corporation, which requires careful analyses before granting permits, have set a potential standard for environmental protection that few states can match. However, even before recent legislation curtailed the application of the IT decision, the state's public agencies enforced this and other environmentally protective laws inconsistently, if at all. Environmental agencies are now required to justify new regulations with costly risk assessments, which is further hampering good environmental management. High pollution levels and excessive health costs are a direct result of this lax regulatory history, which is a further subsidy for industry paid in poorer citizen health. And because of the disproportionate siting of industry in low-income areas, the citizens who can least afford proper health care are the ones most impacted by high emission levels. Sick children have elevated school absentee rates and are less likely to be academically successful, a trend that reinforces the cycle of poverty in many of these communities. Although there were improvements during the Roemer Administration, Louisiana industry still produces four times the amount of pollution per manufacturing job as the average state. Not surprisingly, Louisiana has been, and remains, among the nation's top polluters.

### **Political Disenfranchisement**

Compared to residents of other states, Louisiana citizens have a singular lack of access to regulatory and other public policy decisions that directly affect their lives. This lack of control creates apathy with a political process that is already dominated by high levels of corporate campaign contributions.

## **Conclusion**

Given Louisiana's high poverty and crime rates, low education levels, and poor environmental record, it is clear that our attempt to gain prosperity through short-term industrial profits will only keep us trapped in a harmful resource-exploitive model of economic development. It is time for a new model—one that recognizes the link between a healthy environment and a vibrant economy, a model that counts all of the hidden costs involved in supporting heavy industries, a model that will help us make the most of our state's natural endowment and resourceful people.