

Prospects in the Pelican State

by ROBERT V. ANDELSON

LOUISIANA's tax structure is the major reason why, despite cheap labor and abundant natural resources, this state has lagged far behind the rest of the deep South. Shortsighted and self-serving administrations have saddled commerce and industry with a grossly disproportionate share of the tax load, and the state is paying for this in the form of widespread unemployment. True, general corruption and political instability have played a part in the disinclination of industry to locate in Louisiana, as has the low literacy level. But when they were queried by the Public Affairs Research Council, firms which could have expanded their Louisiana operations but did not, cited inequitable taxation as the number one reason for their decision.

The state maintains an industrial inducement program of temporary tax exemption for plants and equipment. However, until just recently, the relief afforded by the program was more than offset by the practice of doubling industrial assessments after the expiration of the exemption period. Happily, this practice has now been eliminated by a constitutional amendment backed by Governor John McKeithen and stemming from the PAR report. Because of this and vigorous salesmanship on the governor's part, a few new plants have moved into the state.

Yet many tax factors still remain to discourage industrial development. The severance tax on natural gas is practically double that of any other important gas producing state, and is largely passed on to consumers. Meanwhile, there is no ad valorem tax on the gas while it is in the ground. Due to the homestead exemption, homeowners are lightly taxed in comparison with those

of other states, but the exemption is frequently administered in such a way that large landholders are its major beneficiaries. Landholders are further favored by the custom of assessing valuable underdeveloped urban acreage as farmland. Moveable property (inventories), by contrast, is assessed at 70 to 75 per cent of market value.

The state constitution provides for the assessment of real property at "actual cash value," but in practice the average of all parish assessment ratios is only 18 per cent. Ratios vary widely, not only among but within parishes. For example, PAR found that a certain parish was assessing one piece of property at 300 per cent and a similarly valued piece at 3.3 per cent of actual value. But the spotlight of publicity has been increasingly focused on such inequities, and leaders of public opinion are evidencing awareness that equalization is badly needed. A committee has been appointed by the governor to recommend an equalization program, but it remains to be seen how far it will go in its report, and whether the administration will stand behind recommendations which are strongly opposed by powerful interests, namely, assessors and holders of underassessed real estate. For it would be fatuous to assume that these groups will refrain from exerting pressure against a thoroughgoing program of reform.

But the days of the old order are numbered. Technological changes in agriculture account for a steady shift in Louisiana's population to urban areas, resulting in the growth of a middle class consisting of merchants, professionals, skilled workmen, and persons in the service trades. These elements would naturally like to see

a general increase in purchasing power, and consequently favor development. It is from this burgeoning middle class that the "good government" movement typified by PAR draws its main strength. Founded 15 years ago, this privately-supported engine of reform was the subject of an article entitled "Louisiana's Wonderful Invention," which appeared in 1953 in Harper's magazine. PAR's impact has reached the point where its publication, "The Big Issues of 1963," formed the basis on which all important gubernatorial candidates in the last state election built their platforms.

Louisiana stands yearningly at the threshold of capitalist society. As in 19th century England, the forces of feudalism and welfare-ism have long united to frustrate the emergence of genuine free enterprise, hobbling economic progress through discriminatory imposts on productive enterprise. But public awareness of this fact has finally become so acute that the present state of affairs has few if any open advocates. Respected groups and individuals are eagerly exploring new avenues of reform.

Since politics reaches so deeply into every phase of life the people have developed a high degree of political consciousness. For the outsider this tends to be obscured by some of the more sordid antics of those who have been sent to Baton Rouge. The public is painfully aware of this — so much so that Louisiana's poor national image figured prominently as an issue in the last state election.

With what shall the old order be replaced? Is assessment uniformity culminating in a seven per cent average increase the best hope the future has to offer? Or is there a chance for the acceptance of that "more excellent way" familiar to HGN readers and most recently adopted in Hawaii?

The percentage of eligible voters who exercise the franchise is higher

in Louisiana than anywhere else in the Union, and state and local elections ordinarily command a higher turnout here than do national ones. The electorate has been often duped by charlatans but will support an honest program if only afforded the opportunity. Site-value taxation does have a chance for adoption in the Pelican State. But its value must first be publicized by effective techniques, and affirmed by able candidates for office.

The first of these requirements has already been partially accomplished by the Weller Report, an exhaustive projective analysis of the hypothetical effects of site-value taxation on the City of Natchitoches, a community of 14,000 which is the oldest settlement in the entire Louisiana Purchase. This study was recently completed by Professor LeGrand J. Weller of the government department at Northwestern State College, thanks to a grant from E. W. Walthall, and is scheduled for early publication by an academic journal. Foundation support has been obtained for an extension of this study to the whole of Natchitoches Parish, using a 100 per cent sampling.

An attempt to meet the second requirement has begun with the organization of the Tax Reform Association of Louisiana, Inc., which, a few days after the funeral of Sir Winston Churchill, distributed a special reprint of his historic condemnation of land monopoly, to 6000 selected addresses throughout the state. It has also disseminated on a smaller scale a pertinent article by Raymond Moley, books by Joseph S. Thompson and Judge John R. Fuchs, and the August, 1960, issue of *House and Home*. It is hoped that these efforts will in time lead to the satisfaction of the third requirement.

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