

Constitutional amendment to benefit area parish governments

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Voters hold the key to millions of dollars being redirected to parish government coffers — and it's proposed without dipping into the taxpayers' pockets.

Constitutional amendment No. 4 on the Nov. 4 ballot would, if approved, increase the severance tax money remitted to 30 of 64 parishes from \$875,000 to \$2.85 million. For small parish governments like Claiborne and Bienville, it's going to be Christmas, the Lottery and the Powerball wrapped in one.

For example, Claiborne Parish will be able to double its road fund budget, increasing the amount of repair work it can do on existing parish roadways. The parish spent \$1.6 million on road expenditures in 2007. Claiborne Parish Police Jury Secretary-Treasurer Dwayne Woodard plans to add \$1.5 million of the new money to that budget.

"You add even the minimum of \$1 million (to) my road fund and that increases what we can do for roads here in the parish significantly," Woodard said.

The parish is in line to benefit from the amendment's passage because of the amount generated there annually in oil and gas severance taxes, which last year was about \$14 million to \$15 million. "But only \$850,000 was returned to the parish," Woodward said.

"This is not a tax increase," emphasized state Rep. Rick Gallot, D-Ruston, who authored the legislation that became the proposed constitutional amendment. "It won't cost the taxpayer anything at all."

The state is required by its constitution to give 20 percent of all severance taxes collected on natural resources, excluding sulfur, lignite or timber, to the parish from which the mineral was extracted; however, that amount is capped at \$875,000 this year. Until 2007, that cap was \$750,000.

In 2007, the state collected \$890 million in severance taxes and returned nearly 4 percent to the parishes. Oil and natural gas collections account for almost 98 percent of all severance tax collections. The parishes would have received \$178 million if the full 20 percent was distributed, but because of the cap it was limited to \$32 million.

Gallot credits his constituents in Claiborne Parish, including former Police Juror Gene Coleman, with bringing the issue to his attention.

"They helped me a great deal in the leg work and to understand the issue itself. I took it from there and ran with it," Gallot said. "It makes perfect sense that we would try and maintain a more fair and equitable share at the local level of the money that is currently all going to Baton Rouge. With all of the oil and gas production already going on, not to mention what we anticipate the increase with the Haynesville Shale, our little parish roads are taking a beating. Certainly, it only stands to reason more of the money should stay locally."

Another part of the amendment creates the Atchafalaya Basin Conservation Fund to be appropriated by the Department of Natural Resources. A new dedication of 50 percent of severance tax revenue collected on state lands — up to \$10 million annually — would be directed to the fund, which would be used exclusively for certain basin projects, according to information from the Public Affairs Research Council.

Sharing of severance tax revenue is traced to the 1921 Constitution and was intended to compensate parishes for wear and tear on their roads and bridges by oil and gas drilling equipment and other related traffic.

If the amendment passes, it requires the parishes receiving the extra money to put 50 percent in their road funds. The increase will come in increments, with the cap being raised to \$1.85 million in 2009-10 and then \$2.85 million in 2010-22.

"Our overall budget is \$5.8 million in expenditures and that includes everything from general fund to criminal court, the library, sales tax, Section 8 housing, Office of Community Services, OEP — the whole ball of wax," said Woodard. "Our roads are being torn up by oil and gas interest in Claiborne Parish and we're having to fund that and that's one reason the oil and gas industry is behind this because they see what is happening to the rural parishes. They want to be good corporate citizens, too."

DeSoto Parish officials are already thinking ahead to the amount of road work that can be done there with the extra bump to the road fund. Already flush with additional cash from the \$28.7 million windfall from Haynesville Shale leasing money, the DeSoto Parish Police Jury is still in the same boat with Claiborne and other more rural parishes when it comes to having to deal with parish roads being pulverized by the volume of big trucks that are servicing the oil and gas business.

"We'll be able to do more road repairs. We'll be able to fix everything after everybody is gone and bring it back up to standards. They are doing a lot of damage to the infrastructure. We are facing that and

getting it back to shape after these projects are done. It will help us be able to maintain the roads and any other infrastructure," President Bryant Yopp said.

DeSoto Police Jury, which operates a \$27.8 million overall budget, has \$5.2 million set aside in the road fund budget. The \$850,000 in severance tax collected by the parish is split 50-50 with roads and general fund, with another \$100,000 from other severance tax sources added to the road budget, Treasurer Linda Gatlin said.

Woodard foresees a trickle-down effect in the northwest Louisiana region because of the influx of additional money to the parish bank accounts. Because factored into the extra cash will be additional jobs and additional purchases of materials and supplies — all of which should be noticed in cash registers.

"When we resurface a road, we are able to do 25 miles a year on \$300,000 in our blacktopping, or chip and seal, program. That's not building new roads; that's resurfacing old roads with primer and shot. Add \$1 million on top of that you move from 25 miles to 100 miles annually," Woodward said. "We might have to hire two truck drivers to help get that work done. Then you have the additional purchases "» so there will be a ripple effect. It's not only fixing roads, but there is some economic stimulus off of it."