

Accountant pitches tax on oil, gas pipelines to Legislature

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A penny tax on the pipelines that pump oil and gas in and out of Louisiana is an easy way to put \$45 billion in the state's coffers, a Pearl River accountant told a legislative committee Friday.

Ron Eldridge, who testified before the state Senate Consumer Affairs and Technology Committee, said the idea is constitutional and could allow legislators to reduce sales, property and income taxes.

Legislators questioned the plan's feasibility. Similar proposals in the past have run into constitutional problems.

Another plan, with a 3-cent tax per cubic foot of natural gas and 50 cents per gallon of oil, would result in \$198 billion, he said.

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After dedicating half to coastal restoration and hurricane protection, and 10 percent more to promoting alternative energy sources, the state could reduce sales, income and property taxes, and still have \$57 billion to put into the general fund, Eldridge said.

The current state budget is nearly \$30 billion.

“How do you get people to come back here and business to come here?” Eldridge asked after the meeting. “If you do what I’m proposing, you’ll have Bill Gates saying, why don’t I move Microsoft here?”

More than 80 percent of all offshore production and one-third of all U.S. energy consumption is piped through Louisiana, Eldridge told the committee. The excise tax on the pipe would be determined by the volume of what it is pumping, he said.

Eldridge said he has been modifying his plan since Hurricane Katrina hit in 2005. Alaska and Montana have similar taxes, he said.

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Former Govs. Edwin Edwards, Dave Treen and Buddy Roemer tried to tax oil and gas before but it was declared unconstitutional because they did not follow the rules of taxation, Eldridge said. Those governors wanted only to tax oil and gas that was going out of the state, not what was being consumed in Louisiana, he said.

Potable water, sewage and electricity lines could be excluded under the proposal, Eldridge said.

Aside from committee Chairman Sen. A.G. Crowe, Eldridge said he talked to one other legislator about his idea.

“Both of them just said, ‘We’ll give you a forum to talk about it,’ ” Eldridge said. “They’re not endorsing it. I’m trying to convince as many people as I can that this is a viable alternative.”

The tax could drastically affect the price of oil and gas, resulting in a cost increase of \$4 billion to Louisiana residents and business, Eldridge estimates.

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But politics could keep the idea from ever being realized, he said. There is skepticism, arguing that the oil companies will call it a tax on oil, and thus legislators will not want to be associated with it, concerned that it will drive business away, Eldridge said.

“There’s still a lot of unanswered questions,” Crowe, R-Slidell, said after the meeting.

It may not be wise to bank all of the state’s income on one source, and the concept has to be checked out by constitutional law experts and economists, Crowe said.

But the state is looking at significant cuts and no one is taking responsibility for the “thousands of acres that have cuts and ruts all through our coast that fed this entire coastal erosion problem,” Crowe said.

“There’s some things that we can do here that doesn’t necessarily have to be something that would be a nightmare for the oil companies,” Crowe said. “I think this is something that could be worked out.”

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