SIERRA CLUB

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THE PEOPLE ALWAYS PAY

Tax Breaks Force Gulf Communities to Subsidize the LNG Industry

James Hiatt on a shrimp boat in the Calcasieu Ship Channel as a massive LNG tanker heads to load at the Cameron LNG terminal.

IN PARTNERSHIP WITH: BETTER BRAZORIA, For a Better Bayou, healthy gulf, IOBCWA, PORT ARTHUR Community Action Network, SIERRA CLUB DELTA CHAPTER, SIERRA CLUB LONE STAR CHAPTER, Texas Environmental Justice Advocacy Network, Vessel Project

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Site of the proposed Commonwealth LNG terminal with Calcasieu Pass LNG in the background

EXECUTIVE SUMMARY

The past decade has seen an enormous rise in proposals to build terminals to cool, liquefy, and export US fracked gas, following the fracking boom of the 2000s and the United States' ensuing pivot from a gas importer to a gas exporter. Operating and proposed terminal sites are concentrated along the Gulf Coast, primarily affecting coastal communities of color in Louisiana and Texas. Though these massive fossil fuel facilities threaten local public health, ecosystems, and industries such as tourism and fishing, as well as the global climate, LNG developers are often offered substantial tax abatements by local and state governments.

This report reviews the major tax abatements—also referred to as tax exemptions, tax breaks, and corporate subsidies—from which the LNG export industry benefits in Louisiana and Texas:

Industrial Tax Exemption Program (ITEP)—Louisiana
Under ITEP, companies avoid paying local property taxes on manufacturing facilities for up to ten years. For most of the program's existence, ITEP applications have been greenlit without job creation requirements or approval from impacted local governments. The nine Louisiana-sited LNG export terminals in this study's scope would avoid paying $21.1 billion in property taxes under ITEP if they all come to fruition, equal to an effective subsidy of $6.7 million per job promised under the program.

Quality Jobs (QJ)—Louisiana
Eligible companies can receive a rebate on payroll taxes, as well as a rebate on state sales/use tax or project facility expenses. The Louisiana LNG export terminals in this report's scope have deals to receive $492 million in rebates under QJ.

Chapter 312 Property Tax Abatement Program—Texas
Chapter 312 allows local entities to abate up to 100% of a corporation's property tax bill for up to ten years when it builds in a reinvestment zone, creates jobs, and in some cases provides a payment in lieu of taxes. All of the Texas terminals in this report's scope have property tax abatement agreements under Chapter 312, though the impact is difficult to measure due to paltry data reporting from the state.

Chapter 313 Value Limitation Agreement Program—Texas
Until it expired at the end of 2022, Chapter 313 allowed Independent School Districts (ISDs) to cap the taxable value of industrial property in their districts for up to ten years, in exchange for a minimum investment in the area, job creation, and usually a supplemental payment to the ISD. Four of the Texas-sited LNG terminals in this study's scope have received Chapter 313 tax abatements valued at $2.1 billion, which equates to $4 million in subsidies for every job they promise to create under the program.

The ITEP and Chapter 313 tax abatements take effect when a project comes online, meaning in the case of tax abatement agreements for LNG projects still in the planning stage, corporate giveaways could still be avoided if the harmful projects are never built.

Informed by interviews with community members living on the frontlines of the LNG industry's buildout, this report contextualizes the industry's weak promises of jobs and investment, and explores how forgone tax revenue could be better spent in service of communities:

Calcasieu and Cameron Parishes, Louisiana
Though they face a severe lack of investment in community infrastructure and services, Calcasieu and Cameron Parishes would forgo $20.2 billion through 2040 from their ITEP agreements if all the planned LNG export terminals are built. Woodside Louisiana LNG (formerly Driftwood LNG) would account for the biggest subsidy from Calcasieu Parish, and Sabine Pass LNG gets the biggest giveaway in Cameron Parish.

Plaquemines Parish, Louisiana
The swampy wetlands of Plaquemines Parish are being lost to climate change, and the petrochemical industry is straining scarce freshwater resources. The parish's ITEP agreement with Plaquemines LNG means it loses out on $834 million in revenue over the next ten years.

Everyone deserves to breathe clean air, raise children without respiratory issues, and experience the benefits of economic development from non-polluting industries that pay their fair share of taxes. The best place to start ensuring this is a reality is with communities like those explored in this report.

Port Arthur and the Golden Triangle, Texas
LNG is only the latest heavy industry to threaten the health of Golden Triangle residents. Despite the area's chronic health issues and crumbling infrastructure, Golden Pass LNG and Port Arthur LNG are granted a combined $929 million in corporate subsidies under Chapter 313.

Freeport, Texas
An explosion at the Freeport LNG terminal in 2022 was but one stark reminder of the industry's impacts in the area. Freeport LNG's Chapter 313 agreements amount to a $447 million subsidy, though one-fifth of that giveaway could be averted if the terminal's proposed expansion is never built.

San Patricio and Nueces Counties, Texas
LNG and the other petrochemical companies operating in the region raise residents' fears of water scarcity, erosion of the Bay, and air pollution. The ever-expanding Corpus Christi LNG terminal has Chapter 313 agreements that would grant a $762 million subsidy, $138 million of which could be avoided if the terminal's latest expansion is not approved.

Brownsville, Texas
The local ISD bucked the trend and rejected Chapter 313 tax abatements for the two LNG terminals proposed in Brownsville, which would threaten Indigenous sacred sites and ecosystems that have yet to be overrun with industrial development. Both terminals have deals under Chapter 312 to avoid paying property taxes.

INTRODUCTION

Over the last eight years, the US transformed from a net importer of gas to a net exporter, as the fracking boom of the 2000s enabled companies to begin producing previously inaccessible stores of gas.[1] While some of this methane gas is exported via pipeline to Canada and Mexico, the growth of cheap fracked US gas has brought industry to look toward exporting overseas. Exporting gas across oceans requires the gas to be cooled into a liquid so that it can be loaded onto enormous tankers and shipped, primarily to markets in Asia and Europe. The lifecycle of this liquefied methane gas (LNG) is long: once it is extracted, gas is piped to a terminal on the coast where it is liquefied and loaded onto a ship. After a voyage of anywhere from about ten to 35 days,[2] the LNG is unloaded at an import terminal where it is regasified and then piped to the end user—often a gas power plant, where it is combusted to generate electricity. This lifecycle presents many opportunities for methane, an incredibly potent greenhouse gas, to escape into the atmosphere and contribute to rising global temperatures. Though the focus of LNG's climate impacts is often on the export terminal, in fact, the liquefaction stage only accounts for about nine percent of LNG's lifecycle greenhouse gas emissions.[3]

LNG exports from US terminals have more than quadrupled since 2018[4] and current LNG export capacity is expected to nearly double by 2028.[5] The billions of dollars invested in this rapid expansion of LNG infrastructure are at the expense of safer, more reliable, and cleaner renewable energy alternatives that could benefit communities and allow the US to meet its climate goals.[6] If all the planned and under construction LNG terminals in the US come online, they would erase a significant portion of US climate progress, in 2030 emitting more than one-third of what will be reduced by the Inflation Reduction Act and other measures, while also generating climate-warming emissions that wouldn't be on the US' ledgers.[7]

The US and the rest of the G20 countries have pledged to end government support for fossil fuels since 2009.[8] And yet, the International Monetary Fund estimates that in 2022, explicit fossil fuel subsidies reached $1.26 trillion globally, or 1.3% of GDP. The largest category of fossil fuel subsidies, however, are implicit, meaning that the costs of externalities like air and water pollution are not included in market prices. Combined, explicit and implicit subsidies total a whopping

KEY TERMS

LNG

Liquefied methane gas, or what the industry calls liquefied "natural" gas, here referring to fracked gas produced in the U.S. that is transported to the coast and then liquefied in an energy-intensive process so that it can be shipped overseas.

Explicit fossil fuel subsidies

Government interventions that result in a fossil fuel's retail price being below the true cost it takes to produce the fossil fuel. Examples include tax abatements (described below) or leasing public lands at a reduced price for drilling.

Implicit fossil fuel subsidies

When the price of fossil fuels does not include the cost of externalities such as damage to the climate, ecosystems and air quality, or public health. These costs are borne by local communities and society at large, rather than by the fossil fuel producer.

Tax abatement

A reduction in taxes owed, granted by a local government or taxing entity. In this report, tax abatements are also referred to as tax breaks, tax exemptions, and corporate subsidies. Tax abatements are a form of explicit fossil fuel subsidies because they directly lower the LNG developer's costs of doing business.

INTRODUCTION

LNG tanker heading up the Calcasieu Ship Channel to Cameron LNG in Hackberry, LA.

$7 trillion, or 7.1% of GDP.[9] The consequences for inaction on subsidies are immense: the Intergovernmental Panel on Climate Change found that ending fossil fuel subsidies could cut global emissions by ten percent by 2030.[10]

LNG is no exception: explicit and implicit fossil fuel subsidies remain the norm in the US' buildout of massive, capital-intensive export terminals, concentrated on the Louisiana and Texas Gulf Coast. LNG developers in these areas typically receive lucrative tax breaks that deny the local community critical funds for social services and infrastructure. These subsidies mean that not only do local communities suffer the harms of the polluting industry in their backyards, but they also face a lack of investment from forgone tax revenue. Communities near LNG terminals—typically in areas already overburdened with petrochemical and other industrial infrastructure and pollution—are therefore left to face deadly LNG air pollution, increasingly strong climate disasters, higher gas prices, and threats to local industries such as tourism, shrimping, and fishing, at the expense of fossil fuel profits.[11]

These tax abatements are part of a larger pattern of subsidized fossil fuel development at the expense of disenfranchised communities that has persisted worldwide for decades, perpetuating systemic inequality and hampering the transition to renewable energy. In the US, the legacy of slavery and Jim Crow-era laws including housing discrimination not only result in racial income disparity, but also in the concentration of heavy, polluting industry in neighborhoods of color in the Gulf South.[12] The petrochemical industry grew out of the history of racial injustice in the United States and has since built a legacy of environmental injustice for fenceline communities.[13] The current boom in LNG export infrastructure has occurred without meaningful review of the industry's impacts on environmental justice communities, leaving these populations locked into the adverse effects of LNG export infrastructure for decades while receiving few, if any, benefits.[14]

This report reviews key tax abatements granted to LNG export projects in concentrated industry hotspots along the Louisiana and Texas Gulf Coast and uncovers the empty promises made by the industry, informed by interviews with community members living on the buildout's frontlines. LNG is one of the latest of many industries to sacrifice the wellbeing of these communities for profits and pollution. The interviews reflect the many negative impacts of LNG companies that don't pay their fair share of taxes while forcing others to shoulder the health, environmental, and economic burdens of gas exports.

LNG tanker loading at the Calcasieu Pass LNG terminal.

LOUISIANA

LOUISIANA'S KEY TAX ABATEMENT PROGRAMS

Louisiana's **Industrial Tax Exemption Program (ITEP)** allows industrial companies to avoid paying local property taxes on manufacturing facilities for up to ten years, starting when their projects come online, in exchange for ostensibly bringing new manufacturing investment to the state.[15] Together Louisiana, a statewide network of faith- and community-based grassroots organizations, estimates that in 2023, $148.6 billion worth of property across the state was exempt from property tax under this program.[16]

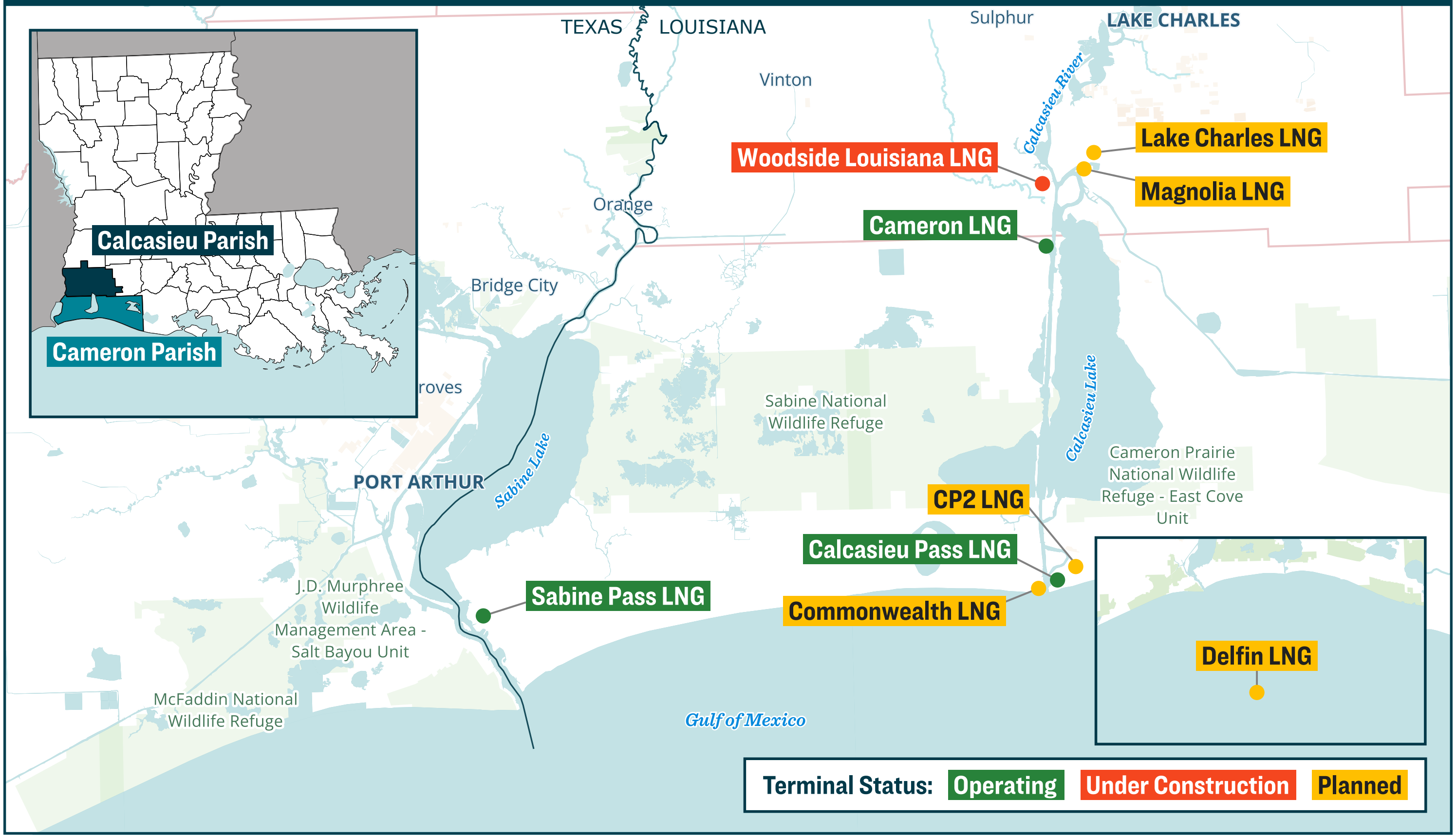
From its inception in 1936 through 2016, ITEP was extraordinarily generous to industry, allowing a 100% property tax exemption without job creation requirements and without requiring approval from impacted local authorities (approvals were made by a state board). Local unions, faith leaders and environmental activists came together to fight for and win reforms in 2016 that addressed some of these most egregious aspects by adding job creation requirements and requiring approval from impacted local governments. The program still allowed companies to exempt 80% of a property's value from taxes, with "mega projects" allowed up to a 93% exemption.[17]

In February 2024, Louisiana Governor Jeff Landry signed an executive order reversing many of the 2016 reforms: companies no longer need to provide jobs in order to receive the benefit, and the decision-making authority is largely returned to the state.[18] This threatens to bring the program back to pre-2016 levels of corporate giveaway, when according to an analysis by the Institute for Energy Economics and Financial Analysis, "97% of the projects that sought property tax exemptions had already been completed when their requests were filed."[19] This means the program costs local governments revenue, but there's no evidence that it actually incentivizes new investment; instead, it appears to simply subsidize investments that would have occurred anyway.

ITEP applicants claim job growth, however Together Louisiana found that while ITEP applications from 1998-2017 promised over 121,000 new jobs, the subsidized companies actually experienced a net loss of over 26,500 jobs.[20] An analysis by the Ohio River Valley Institute found that the amount of dollars exempted by ITEP has no statistically significant relationship to job growth or personal income growth, concluding that "the wider economic benefits of ITEP are overstated, relying on inflated and unsubstantiated indirect and induced job claims."[21]

The **Quality Jobs (QJ) Program** gives companies a cash rebate for creating jobs and promoting economic development in the state. Eligible companies can receive up to a six percent rebate on payroll expenses for up to ten years. In addition, they can get a ten-year rebate on state sales/use tax on capital expenditures, or up to a 1.5% project facility expense rebate on the total capital investment.[22] This program provided $100 million in corporate subsidies in 2018 in Louisiana. The state's auditor found that the majority of the household income generated by the program would have been created even without the QJ program—meaning the same benefits could have been had without the tax giveaways—and that the program results in a net loss for the state treasury.[23]

MAP 1: Calcasieu and Cameron Parishes, Louisiana



CALCASIEU AND CAMERON PARISHES, LOUISIANA

Calcasieu and Cameron Parishes are located on the banks of the Calcasieu River on Louisiana's southwestern border. Three bayous flow through the city of Lake Charles, the seat of Calcasieu Parish, alongside oak and pine trees that allude to a now-dwindled lumber and shipbuilding industry—before fossil fuels took over the local economy.[24] In 1926, the Sweetlake oil field was discovered in Cameron Parish, leading to the first commercial oil production from a coastal Louisiana well.[25] As refineries came to the area, a community to house refinery workers was built in Calcasieu Parish in the 1940s to respond to increased fuel demand from World War II.[26] LNG entered Cameron Parish in the early 2000s with the development of Cheniere's Sabine Pass LNG facility, originally designed to import gas for use by US consumers.[27] In 2012, Cheniere began converting Sabine Pass into an export facility, making Cameron Parish home to the first overseas export shipment of domestically-produced LNG in 2016.[28]

Sitting at the end of the Calcasieu Ship Channel, Cameron Parish acts as a gateway to the Gulf of Mexico and has seen a tremendous increase in disruptive ship traffic in the last decade, 85% of which is now energy cargo.[29] The rapid development of petrochemical facilities, including LNG terminals, in both Calcasieu and Cameron Parishes has contributed greatly to this increase, and ship traffic in the Calcasieu Ship Channel is projected to more than double by 2025 compared to 2018 levels.[30] The nearby Port of Cameron was previously the country's largest producer of seafood, catching 679 million pounds in 1984.[31] But the erosion and dredging associated with increased ship traffic along the channel have made it increasingly hard for shrimp larvae, fish eggs, and oysters to thrive.[32] While Cameron Parish had a fleet of 250 fishing vessels in 2005, nowadays, only a few dozen remain and some fishermen claim to see only 12 to 15 people working on the water every day, with others forced to supplement their income with additional jobs.[33]

As detailed below, every proposed or operating onshore LNG export terminal in Calcasieu and Cameron Parishes has secured property tax exemptions under ITEP to abate at least 80% of their property tax bills. Developers tout

Frontline leaders giving national partners a tour of Cameron, LA and the Calcasieu Ship Channel.

the alleged economic development that subsidized LNG export infrastructure will bring, and brandish their local philanthropic efforts—such as the Cameron LNG facility donating $3,000 to the Hackberry High School FFA Chapter or making a total of $350,000 in community investments in 2023.[34] However, these investments never come close to justifying the accompanying massive levels of pollution and harm to precious wetlands and communities.

A quick drive through these parishes shows a harsh economic reality: a key public library still closed four years after a hurricane that devastated the community,[35] damaged churches torn down instead of being rebuilt, and officials in Cameron Parish still working to resume operations at the parish's only hospital after it was damaged by Hurricane Laura in 2020.[36] The dangerous Calcasieu River Bridge is a notorious landmark that highlights the lack of infrastructural investment in the region; the National Bridge Inventory has rated the bridge a 6.6 out of 100 in terms of sufficiency. For decades, the aging structure has carried a traffic load over two times its design capacity, with over 90,000 crossings daily.[37] Discussions about replacing the bridge first began in the 1980s, but the $2.3 billion replacement project only just reached financial close in August 2024, allowing construction to begin.[38]

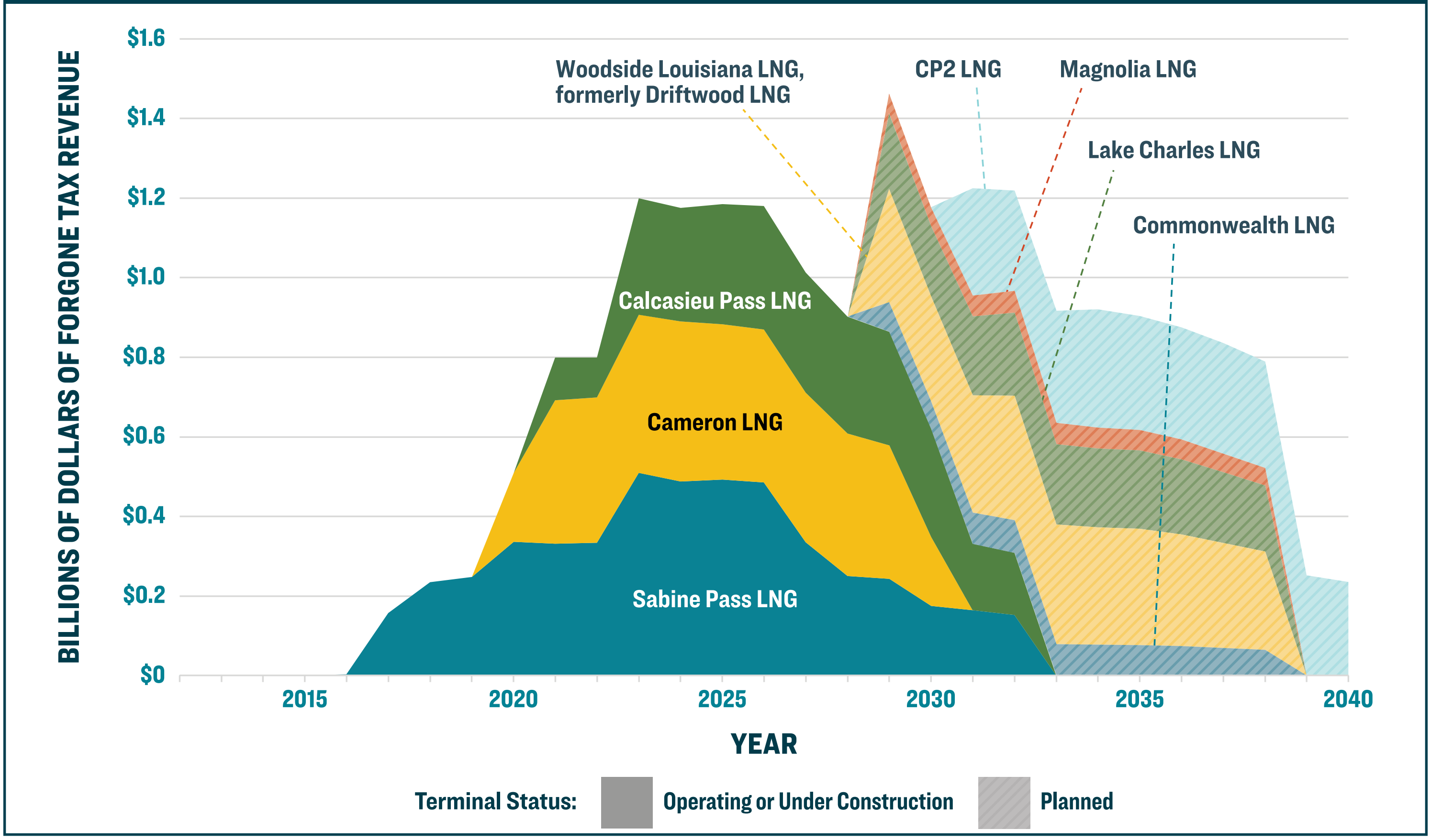
According to James Hiatt, founder of For a Better Bayou[39] and resident of Calcasieu Parish, much of southwest Louisiana has been sacrificed to the fossil fuel industry. The air, water, and once lush marshes; the health and wellbeing of the people; traditional cultures and sustainable fishing economies—all are being sacrificed for fossil fuel expansion. Mr. Hiatt's father worked in a refinery and his grandfather retired from a pipeline company. Many of the friends they worked with retired and then died from cancer. Mr. Hiatt says industry has stripped away the best of southwest Louisiana's natural resources and people, in exchange for an economy and culture built on oil, gas, and plastics. He uses the example of a few tax-paying, family-owned car dealerships in Lake Charles that might each employ 100 local people, compared to the fossil fuel companies that benefit from ITEP by the billions: once built, an LNG terminal typically employs fewer than 400 people,[40] and jobs frequently go to non-locals, he says. Tax abatements are not supposed to be a gift, but rather a fair exchange for job creation and boosting the local economy—though that's not how it has played out, with companies receiving subsidies in the millions of dollars per job created, as described in the following section.

During a recent meeting of the Cameron Parish Police Jury (equivalent to a County Commission), Mr. Hiatt recalls a discussion in which the local government was attempting to get the project manager of a local building to share the cost of a $2,500 change order, highlighting the financial strain the parish is under. Meanwhile, the LNG terminals in southwest Louisiana are exempt from paying hundreds of millions of dollars a year that would otherwise help fund the government. Mr. Hiatt pointed out the poor condition of local roads due to heavy truck traffic related to fossil fuel construction. He's heard of local teachers that haven't received a raise in 20 years and of community members that have to move because they cannot afford home insurance. To him, these are indicators that while LNG companies make billions of dollars in profits, locals see none of the promised benefits. The small donations scattered around southwest Louisiana from LNG companies are "pennies compared to the taxes they should be paying," he says. The companies promised prosperity, but for the community it never came.

THE NUMBERS

All eight of the planned and operating onshore LNG terminals in southwest Louisiana have ITEP agreements that will allow them to avoid paying most, if not all, of their property taxes. If all of these terminals are built, together they will cost the residents of Calcasieu and Cameron Parishes $20.2 billion in lost revenue through 2040.[41] The three currently operating terminals have multiple ITEP agreements with the state, meaning that Sabine Pass LNG, for instance, avoids paying taxes for a total of 21 consecutive years. The peak of lost revenue for Cameron and Calcasieu Parishes would occur in 2029, after multiple currently planned terminals are projected to come online, thus triggering their ITEP exemptions. This peak would amount to an annual loss of $1.5 billion between the two parishes. In fact, across the state of Louisiana, Cameron Parish is the top parish in terms of total amount exempted under ITEP as well as total amount exempted per capita, due to its small population and the many capital-intensive LNG terminals planning to crowd its shores.[42]

FIGURE 1: Value of ITEP Subsidies for LNG Export Terminals in Calcasieu and Cameron Parishes



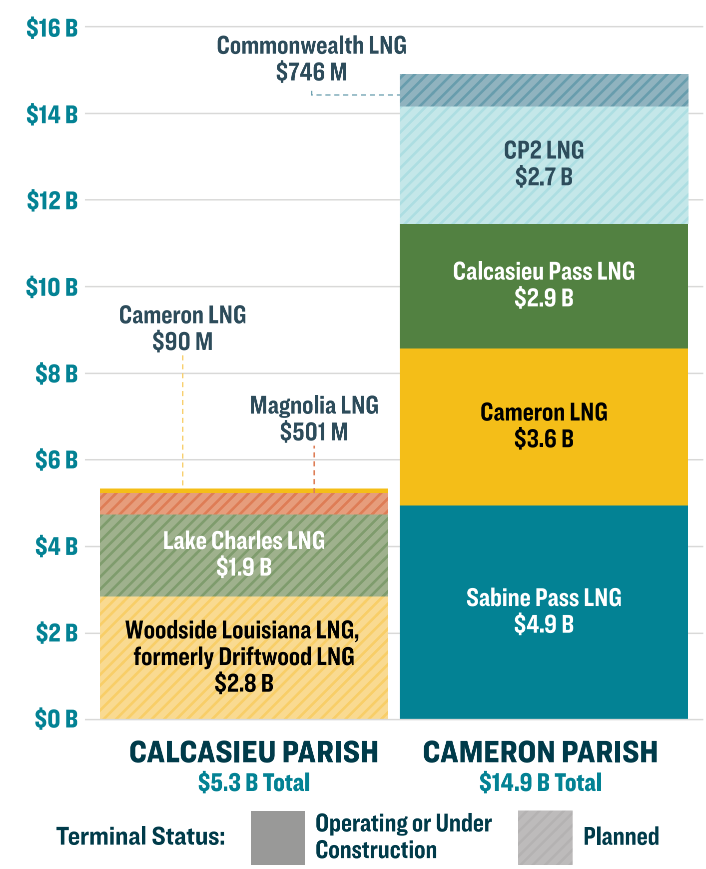
Calcasieu and Cameron Parishes would forgo $20.2 billion in revenue from their ITEP agreements with LNG export terminals if all planned terminals come online, with an annual peak of $1.5 billion in 2029.[43] Woodside Louisiana LNG has initiated limited construction, but here is counted as "Planned" since it has not yet taken a Final Investment Decision to begin full construction. Data analyzed from Louisiana Economic Development's Fastlane database.

Woodside Energy's proposed Woodside Louisiana LNG terminal (formerly Tellurian's Driftwood LNG) is the biggest offender in Calcasieu Parish: its ITEP agreement means that if built, it would cost the parish $2.8 billion in forgone revenue over ten years. Woodside Louisiana LNG has so far initiated limited construction, but in this report the terminal is counted in the "Planned" category since it has not yet taken a positive Final Investment Decision (FID) or moved to full construction. In Cameron Parish, Cheniere's operating Sabine Pass LNG is the worst offender among terminals operating or proposed, and will cost the parish $4.9 billion through 2040. Also in Cameron Parish, Venture Global's Calcasieu Pass LNG and CP2 LNG terminals have ITEP deals to avoid paying up to $438 million in a year[44]—which puts in perspective the paltriness of Venture Global's recent commitment to donate two million dollars per year for three years to Cameron Parish public school teachers and staff.[45] While jurisdictions in Calcasieu Parish collect local sales taxes and thus would see at least some tax revenue generated by LNG terminals even with ITEP agreements in place, Cameron Parish does not collect local sales tax, meaning during the ITEP exemption periods local entities receive no tax income from the LNG terminals.[46]

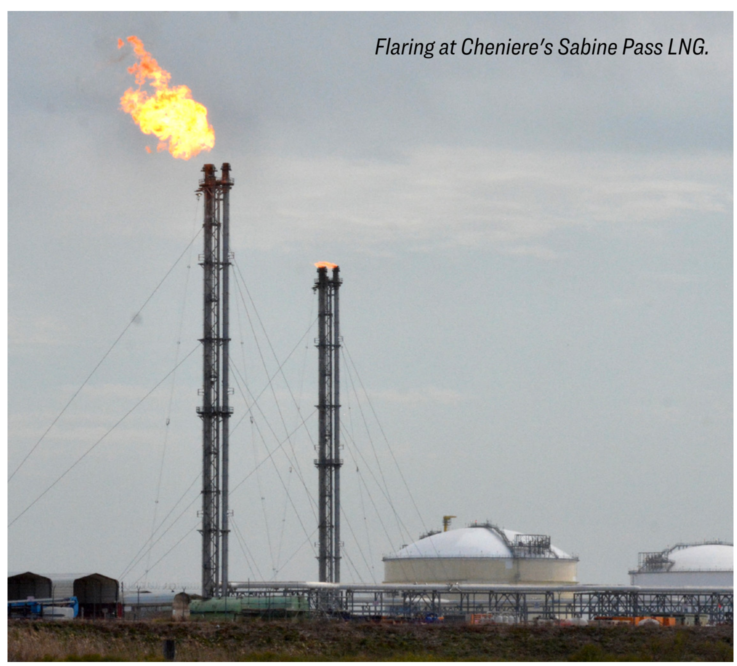
If all the proposed terminals come online, these ITEP agreements mean residents in Calcasieu Parish will forgo a total of $5.3 billion in revenue from 2017 to 2038, including an estimated $1.2 billion for schools and $303 million for libraries.[47] But $5.2 billion of the $5.3 billion in tax giveaways is for LNG export terminals that are not yet guaranteed to come to fruition, as they haven't started full construction or begun operating—meaning that even though the ITEP agreements have been made, the corporate subsidies could still be avoided.

Cameron Parish residents would lose out on $14.9 billion in revenue from 2012-2040 due to ITEP, including $3.8 billion for schools and $2.4 billion for hospitals, healthcare, and ambulances. A larger share of this parish's ITEP giveaways are locked in with already operating projects, but $3.5 billion in corporate subsidies are for planned terminals that have not started construction or operation and so have yet to be distributed.

FIGURE 2: ITEP Subsidies by LNG Export Terminal, 2012–2040

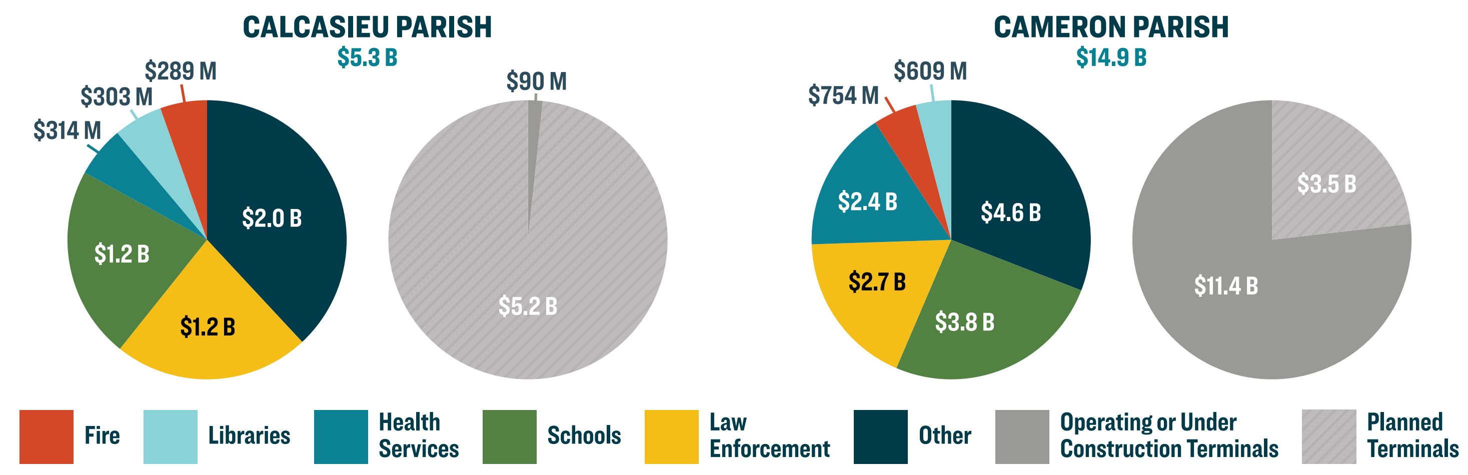


Calcasieu Parish's ITEP agreements mean it would forgo $5.3 billion in revenue if all proposed terminals are built, with Woodside Louisiana LNG (formerly Driftwood LNG) as the biggest offender. Cameron Parish would forgo $14.9 billion, with the currently operating Sabine Pass LNG accounting for the largest share.



Flaring at Cheniere's Sabine Pass LNG.

FIGURE 3: Forgone Revenue from ITEP Agreements with LNG Export Developers, 2012–2040



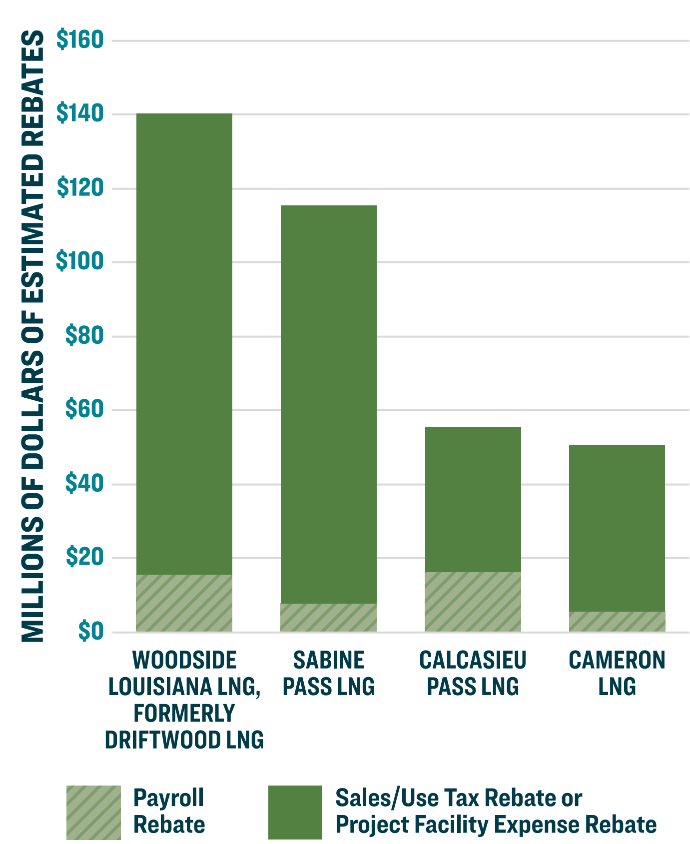
Calcasieu Parish's ITEP agreements with LNG export developers mean the parish would lose out on $5.3 billion—revenue that would otherwise be spent on schools, healthcare, and other parish services. However, 99% of that lost revenue would be from LNG terminals not yet operating, meaning Calcasieu Pass doesn't have to forgo the revenue if the planned terminals are never built. Cameron Parish's $14.9 billion in forgone revenue from ITEP means missing out on billions of dollars for schools, law enforcement, and more—one quarter of which could be avoided if planned terminals don't move forward.

Under ITEP, LNG export companies promise the creation of 686 permanent jobs in Calcasieu Parish and 2,154 in Cameron Parish. Accounting for the value of the ITEP tax exemptions, this amounts to an astonishing $7.7 million in lost revenue per new job created by LNG companies under ITEP in Calcasieu Parish, and $6.9 million in lost revenue per new job in Cameron Parish.

Additionally, four of the LNG developers in Calcasieu and Cameron Parishes receive benefits from the Quality Jobs program, together netting $362 million in payroll rebates, sales/use tax rebates, and/or project facility expense rebates across ten-year agreements. In exchange, the companies committed to create 799 new jobs, which are not necessarily additional to the jobs created under the ITEP agreements, allowing the companies to "double dip" in tax abatements.

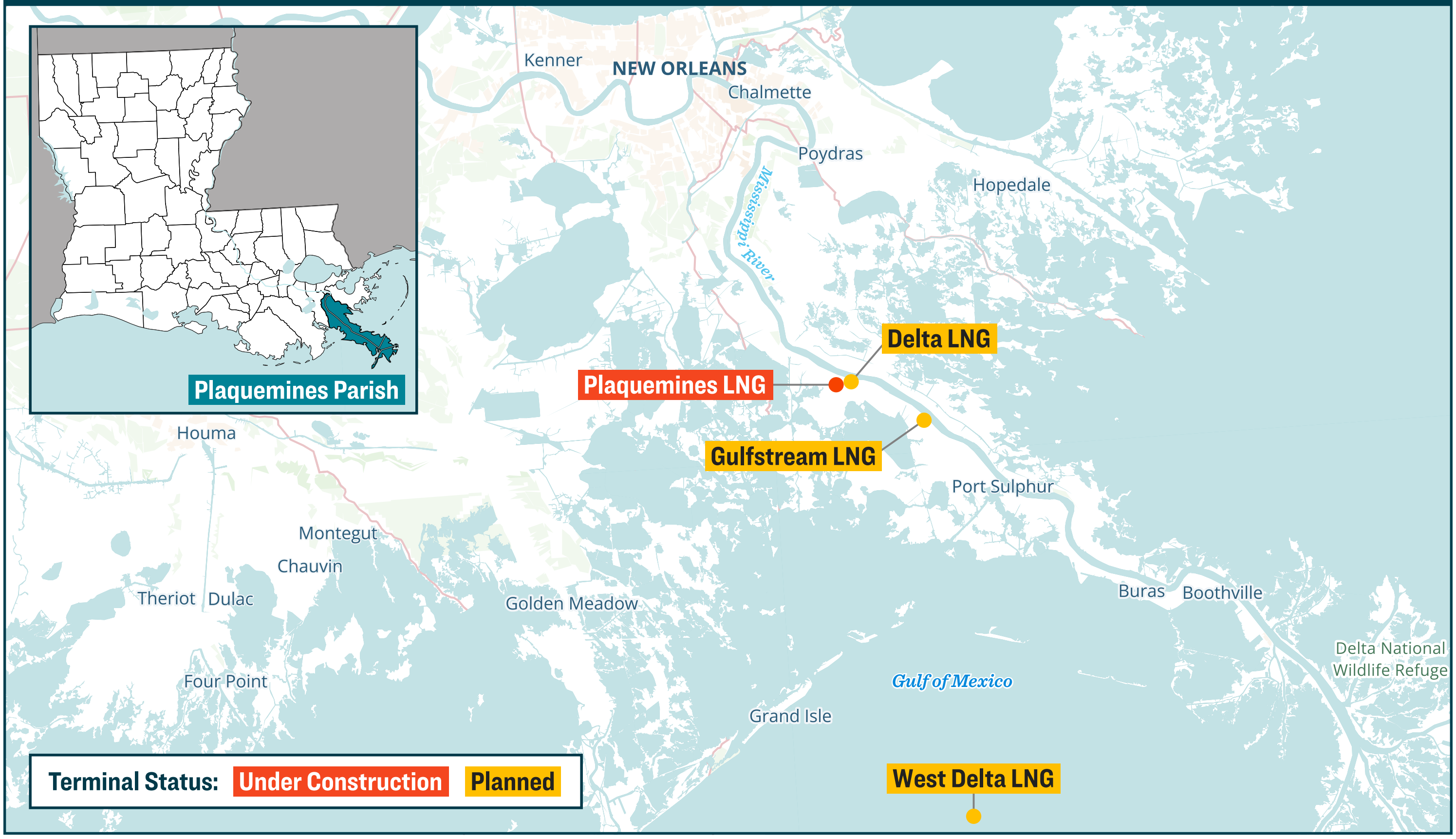
Overall, the LNG export terminals in Calcasieu and Cameron Parishes are receiving $20.4 billion in subsidies across the ITEP and QJ programs. For context, Cameron LNG boasts that in 2023, it "invested nearly $350,000 to organizations in Cameron and Calcasieu parishes"[48]—but its average annual subsidies received from these parishes across ITEP and QJ are over 770 times higher at more than $270 million per year.[49]

FIGURE 4: Subsidies for LNG Export Terminals in Calcasieu and Cameron Parishes under the Quality Jobs Program



The Quality Jobs program provides LNG export developers in Calcasieu and Cameron Parishes with an additional $362 million in subsidies.

MAP 2: Plaquemines Parish, Louisiana



PLAQUEMINES PARISH, LOUISIANA

Plaquemines Parish is located at the southernmost tip of Louisiana, where the Mississippi River meets the Gulf of Mexico. The parish has a total population of 23,000, with Belle Chasse, at the northern part of the parish just outside New Orleans, making up almost half of that population. The remaining residents are spread throughout the southern, rural parts of the parish. The landscape is flat, wet, and difficult to build on, and the Mississippi River floods when storms surge, blurring the line between land and water.[50] Most roads in the area, often taken by local fishermen and pipeline workers, lead to wetlands dotted by trailers and abandoned houses. The Plaquemines LNG facility, which is under construction and expected to begin full operations in 2024,[51] seems incredibly out of place in this swampy parish that, without further coastal protection or restoration actions, could lose over half its land area over the next 50 years.[52] While the surrounding land continues to sink, Venture Global, the owner of Plaquemines LNG, has devised a plan to construct a 26-foot-tall steel sea wall to surround the 630-acre site,[53] protecting it from the very climate impacts that will be fueled by its methane-intense emissions. However, there is no wall to protect parish residents from the pollutants expelled from the LNG facility, or from storm-related flooding that has gotten worse with fewer wetlands to mitigate the impacts.

According to Scott Eustis, the Community Science Director for Healthy Gulf,[54] Plaquemines Parish faces several challenges that are exacerbated by Venture Global's construction of Plaquemines LNG and the fact that the company contributes little to the region's economy. He names access to fresh water as the most urgent issue. From June to October 2023, a lack of rainfall meant less water flowing down the Mississippi River, allowing saltwater from the Gulf to flow upriver. Residents of Plaquemines Parish get their drinking water from the Mississippi River and the saltwater intrusion compromised three of the parish's five water treatment plants.[55] Families feared, with good reason, that the saltwater would corrode their aging pipes and release heavy metals like lead into their water. As parish residents were left to drink bottled water donated by

Construction on Venture Global's Plaquemines LNG as of March 2023. Healthy Gulf and Southwings.org

solidarity organizations for months, Venture Global pumped water from local fire hydrants to mix concrete and for construction needs.[56] An investigation by *The Guardian* later found that Venture Global had been using up to a quarter of the water in the parish.[57]

Construction of Plaquemines LNG also exacerbates the rapid loss of wetlands, which act as a critical buffer during storms, prevent flooding, filter toxins out of the water, and provide habitat for local flora and fauna.[58] Mr. Eustis says that instead of restoring local wetlands to replace those destroyed to build Plaquemines LNG, the state allowed Venture Global to restore a forest more than 75 miles away. Forest restoration is less expensive, so Venture Global avoided paying the true costs of destroying 350 acres of valuable wetlands to build its LNG export terminal.[59] These monetary savings to the company come at a big cost to the people of Plaquemines Parish, who already live with the constant risks of land loss and flooding. Plaquemines Parish has flooded at least five times since Hurricane Katrina in 2005,[60] leaving residents in a constant state of recovery.

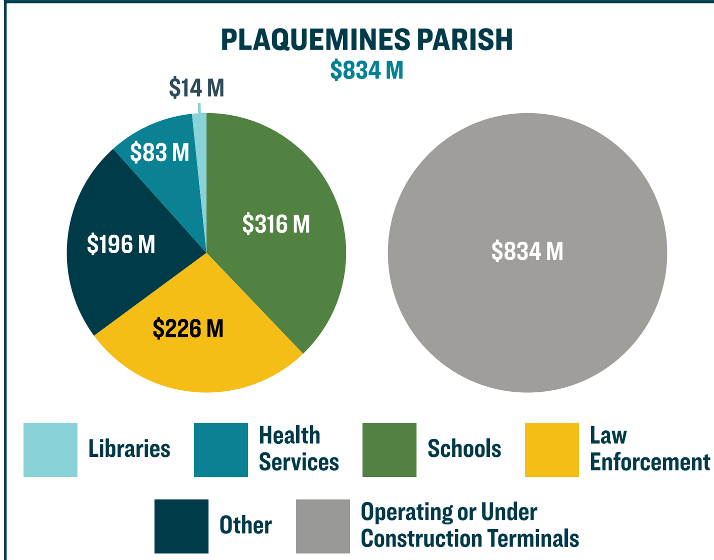
Mr. Eustis also argues that the parish is unprepared for the kind of industrial accident like the 2022 explosion at Freeport LNG in Texas. The parish has one road in and one road out, so an explosion or accident that closes the road would trap the 5,000 residents that live south of the plant. While Mr. Eustis says the parish would be better off without the LNG terminal, he argues that if people are forced to live with it, the company should at least pay taxes and provide some benefits. The tax revenue would allow the parish to invest in a new water system and complete the wetlands restoration projects needed to protect against future flooding.

THE NUMBERS

Plaquemines LNG's ITEP abatement was approved in December 2016, meaning it was grandfathered into the old version of the program in which parish approval was not required to approve an application or its renewal.[61] The deal allows Plaquemines LNG to avoid paying 100% of its property taxes for ten years, resulting in $834 million in lost revenue for the parish from 2025 to 2034, or an average of $83 million per year. Total tax revenue in Plaquemines Parish amounted to $62 million in 2023, meaning the parish's tax revenue would more than double each year if not for this giveaway to Plaquemines LNG. This lost revenue means Plaquemines Parish misses out on $316 million for schools, $226 million for law enforcement, and $83 million for health services over ten years. In return, Plaquemines LNG promises to create 300 jobs, meaning it receives $2.8 million in ITEP subsidies per job created. Plaquemines LNG is under construction and expects to export its first cargoes in late 2024.[62]

Plaquemines LNG also receives a $130 million subsidy under the Quality Jobs program, in exchange for promising to create 413 jobs, which are not necessarily additive to the jobs promised under ITEP.

FIGURE 5: Forgone Revenue from ITEP Agreements with LNG Export Developers, 2025–2034



Plaquemines Parish's ITEP agreement with Plaquemines LNG will cause the parish to lose out on $834 million, including $316 million for schools. Plaquemines LNG expects to come online in 2024, meaning this tax abatement is likely locked in through 2034.

SUMMARY: KEY TAX ABATEMENTS FOR LNG EXPORT TERMINALS IN LOUISIANA

Terminal	Parish	Terminal Status	10-Year Value of ITEP Exemptions	ITEP Jobs Promised	ITEP Subsidy per Job	Share of ITEP Subsidy for Planned Projects	10-Year Value of QJ Rebates	Total Subsidy
Sabine Pass LNG	Cameron	Operating	$4.9 B	1,096	$4.5 M	0%	$116 M	$5.1 B
Cameron LNG	Cameron	Operating	$3.7 B	438	$8.5 M	0%	$51 M	$3.8 B
Calcasieu Pass LNG	Cameron	Operating	$2.9 B	370	$7.8 M	0%	$55 M	$2.9 B
Woodside Louisiana LNG, formerly Driftwood LNG	Calcasieu	Under Construction (Pre-FID)	$2.8 B	350	$8.1 M	100%	$140 M	$3.0 B
CP2 LNG	Cameron	Planned	$2.7 B	200	$13.5 M	100%	N/A	$2.7 B
Lake Charles LNG	Calcasieu	Planned	$1.9 B	145	$13.1 M	100%	N/A	$1.9 B
Plaquemines LNG	Plaquemines	Under Construction	$834 M	300	$2.8 M	0%	$130 M	$964 M
Commonwealth LNG	Cameron	Planned	$746 M	50	$14.9 M	100%	N/A	$746 M
Magnolia LNG	Calcasieu	Planned	$501 M	191	$2.6 M	100%	N/A	$501 M
TOTAL			**$21.1 B**	**3,140**	**$6.7 M**	**41%**	**$492 M**	**$21.6 B**

Planned projects would only start receiving ITEP subsidies once they come online. N/A means that the developer has not yet applied for the tax exemption, but still could do so in the future. Though Woodside Louisiana LNG (formerly Driftwood LNG) is under limited construction, it is here counted as a planned project since the developer has not yet reached a positive Final Investment Decision to move forward with the project, nor has it granted a contractor a Full Notice to Proceed with construction.

Activists in front of the land set to be paved over for Rio Grande LNG. Caelan Schick.

TEXAS

TEXAS'S KEY LNG TAX ABATEMENT PROGRAMS

Texas's **Chapter 312 Property Tax Abatement Program** allows counties and other local entities to abate up to 100% of a corporation's property tax bill for up to ten years when it builds in a reinvestment zone. In exchange, the company promises to create jobs or in some cases provide a payment in lieu of taxes.[63] In 2021, an estimated nine billion dollars' worth of property value had taxes abated under this program.[64] The state's database does not disclose the value of the specific property abated in a given agreement, so it is difficult to calculate the value of particular exemptions. Analyses by Autocase Economic Advisory estimated that corporate tax savings across all industries under Chapter 312 in just three counties (Brazoria, San Patricio, and Nueces) amounted to $967 million.[65]

Under the **Chapter 313 Value Limitation Agreement program**, which was active through the end of 2022, Independent School Districts (ISDs) made agreements with companies to cap the taxable value of industrial property in their districts for up to ten years. Specifically, a company could receive limitations on the maintenance and operations (M&O) tax, which funds the school district's daily operations. The company would continue to pay the full value of the Interest & Sinking (I&S) tax, which goes toward interest payments on bond financing for school district facility construction.[66] In 2021, $67 billion worth of property in Texas was off the tax rolls due to this program.[67] In return, the company had to meet a minimum investment in the area and create a certain number of jobs in the district, and it usually paid a supplemental payment to the ISD.

The ISD's school board approved Chapter 313 tax abatements, however the impact is felt by Texans state-wide. The state of Texas makes up the loss from Chapter 313 tax abatements by supplementing state funding for school districts, meaning the cost is essentially shifted to other taxpayers and districts, and overall revenues decline. This is because in order to ensure equity, the state guarantees each school district a certain level of revenue per student (a low allotment that hasn't been raised since 2019),[68] distributing state aid when local property tax revenue is insufficient and redistributing excess property tax revenues above the guaranteed amount from wealthier districts to poorer ones. When a district forgoes collecting property taxes it either necessitates more state aid in order to meet the guaranteed level of revenue, or it decreases the amount of excess funds the state would have recaptured and redistributed. Thus, school districts that give up tax revenue create an unnecessary cost for the state.[69] Moreover, the supplemental payments that the ISDs negotiate in these deals do not count toward the district's guaranteed revenue per student, meaning school districts keep those payments for themselves rather than contribute to district-to-district equity.[70]

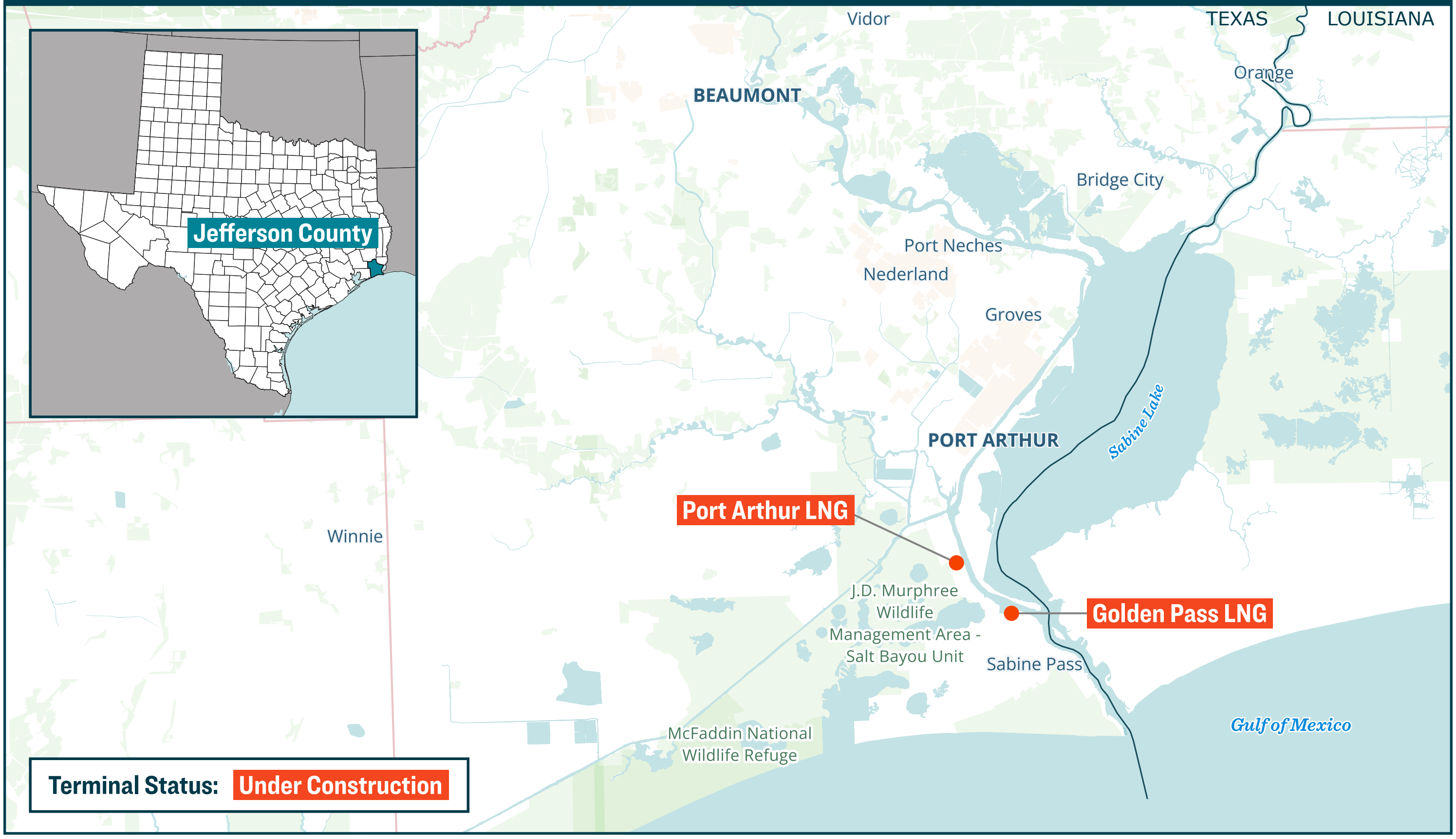
Analysis by the Network of Texas Organizations found that the school districts whose net revenue was most negatively impacted from Chapter 313 were Houston, Dallas, and (Houston-area) Cypress-Fairbanks—which had zero Chapter 313 agreements—because other school districts giving up property taxes meant Texas had less aid to distribute statewide. The ISDs giving these subsidies to LNG developers and other companies were among those gaining the most from the program: Barbers Hill, Gregory-Portland, and Sabine Pass (the town in Texas) ISDs topped the list, with 52 Chapter 313 agreements among them.[71]

After the Chapter 313 program expired in 2022, it was replaced with the **Jobs, Energy, Technology, and Innovation (JETI) program**. Started in January 2024, this program reduces the share of a property's value that can be abated once operating as compared to Chapter 313 from up to 99% down to 50-75%, but it newly allows developers to abate 100% of their M&O taxes for two years during construction. In exchange, the company must meet a minimum investment threshold and create a certain number of jobs, based on the county's population.[72] Other major differences of this program as compared to Chapter 313 include that the Governor is party to the agreements, and supplemental payments to ISDs are not allowed.[73] The LNG developers studied in this report have not yet applied to this new program; all had previous applications for tax abatements under Chapter 313 as described in the following sections.[74] While the Chapter 313 program has expired, the agreements under it are still ongoing.

Both Chapter 313 and JETI intend to provide tax abatements for natural resource development facilities—but while renewable energy and storage projects made up a majority of projects benefiting from Chapter 313, they are explicitly prohibited from being subsidized under the JETI program.[75]

Rally against Rio Grande LNG in Houston, TX. Bekah Hinojosa.

MAP 3: Port Arthur and the Golden Triangle, Texas



PORT ARTHUR AND THE GOLDEN TRIANGLE, TEXAS

Port Arthur, in Jefferson County, Texas is home to just under 56,000 residents and marks one corner of the highly industrialized petrochemical corridor called the Golden Triangle, which encompasses the cities of Port Arthur, Beaumont, and Orange. The Golden Triangle got its name from the wealth created by the discovery of oil in 1901 at the Spindletop oil field, which pinpointed Port Arthur as an ideal location for an oil refinery.[76] Originally built by Texaco, the Port Arthur Motiva refinery and chemical complex remains the second largest in the United States today, with ExxonMobil's nearby Beaumont refinery in third.[77] Over time, the growing demand for laborers living near the refinery, in combination with Jim Crow-era laws segregating neighborhoods in Texas, resulted in primarily Black communities located closest to the increasing number of petrochemical facilities in Port Arthur and Beaumont.[78] Today, Port Arthur's population is more than 80% people of color, while Beaumont's population is over 70% (people of color make up about 40% of the United States population at large).[79]

The Golden Triangle has been a prime example of the human and economic toll of fossil fuel-driven climate change, all while the industry continues to expand in the area. Blue FEMA tarps have long dotted roofs across the city, signs of the slow pace of recovery from past storms like Hurricane Rita in 2005 and Ike in 2008.[80] The area was one of the hardest hit during Hurricane Harvey in 2017, receiving 48 inches of rainfall that damaged an estimated 80% of homes.[81] With rapid industrial buildout has come the loss of important wetlands that would help mitigate runoff, meaning flooding has gotten worse.[82] In addition to being exposed to extreme weather events, communities breathe in polluting vapors that increase their risk of serious health harms. Among other pollutants, refineries produce benzene, a carcinogen that can result in leukemia or severe bone marrow damage. On average, an estimated one in 5,000 people in the Golden Triangle are at an incremental lifetime cancer risk, despite the EPA's upper limit of acceptable cancer risk being one in 10,000.[83] These burdens, along with Jefferson County's commitment to more LNG export terminals in the future, have resulted in some residents choosing to relocate.[84]

John Beard, the founder and CEO of the Port Arthur Community Action Network (PACAN),[85] describes Port Arthur as a sacrifice zone because of the ever-present industry and its emissions, flaring, and noise. Not a moment goes by that community members don't see, hear, or smell the plants that surround their neighborhoods. Mr. Beard is a former refinery worker and elected city councilmember of Port Arthur. He relates that it's common to come from or know a family with multiple generations of fossil fuel workers. At the same time, as a result of this fenceline proximity to industries emitting high levels of toxic pollutants like formaldehyde, ethylene oxide, and more, Mr. Beard emphasizes that it is increasingly common for residents of all ages to suffer from cancer, rashes, and respiratory issues. The people—their health and wellbeing, and even their lives—are sacrificed so that companies can make the chemicals, plastics, and oil and gas products that generate profits for private corporations.

Mr. Beard is aware of the argument made by state and local politicians that the LNG facilities are necessary for job creation and economic growth, justifying the tax abatement programs that relieve companies from most tax liabilities as an incentive for locating in the region.[86] He and many other residents argue that those tax revenues could instead have been invested in local infrastructure like roads, water, sewer and drainage systems, and other important services like fire, police, schools, libraries, or healthcare.

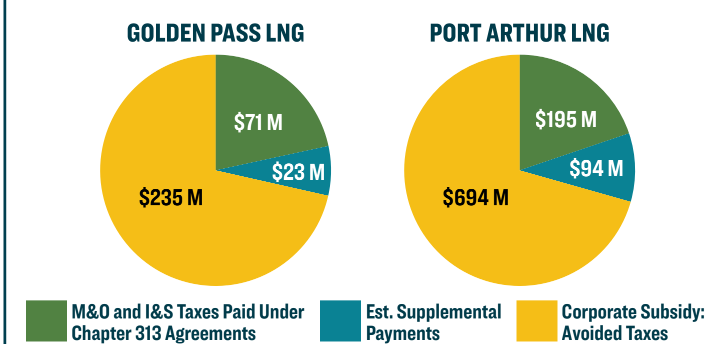
In exchange for avoiding taxes, the terminals are supposed to hire locals who theoretically spend their paychecks in the city, creating the tax base that funds city operations. Mr. Beard says they instead hire people from nearby communities, which are predominately white. Despite the industry promises of job creation, Jefferson County has the eighth highest unemployment rate out of the 254 counties in Texas.[87] Residents of the Golden Triangle are left to live with all the pollution without any of the financial benefits that government officials and LNG developers claim justify the tax breaks. While fossil fuel companies claim to benefit Golden Triangle residents with job opportunities and philanthropic donations, the chronic health issues and crumbling infrastructure tell a different story.

THE NUMBERS

Golden Pass LNG and Port Arthur LNG both have active agreements with Jefferson County under Chapter 312, allowing them to avoid paying 100% of their property taxes for ten years.[88] Under Chapter 313, Golden Pass LNG also limits its taxable value by 98% for its M&O and I&S tax bill to Sabine Pass Independent School District under agreements that span ten years. After accounting for taxes paid alongside supplemental payments to the ISD, these agreements amount to a $235 million corporate subsidy for Golden Pass LNG. Golden Pass LNG is under construction and aims to come online in 2025.[89] Port Arthur LNG's Chapter 313 agreements limit its taxable value by 99%, resulting in a $694 million subsidy for the LNG developer. While the first phase of Port Arthur LNG is under construction, one-third of the developer's subsidy would be for constructing the project's second phase, which is not yet fully permitted—meaning a $242 million corporate subsidy could be avoided if that harmful expansion does not materialize.

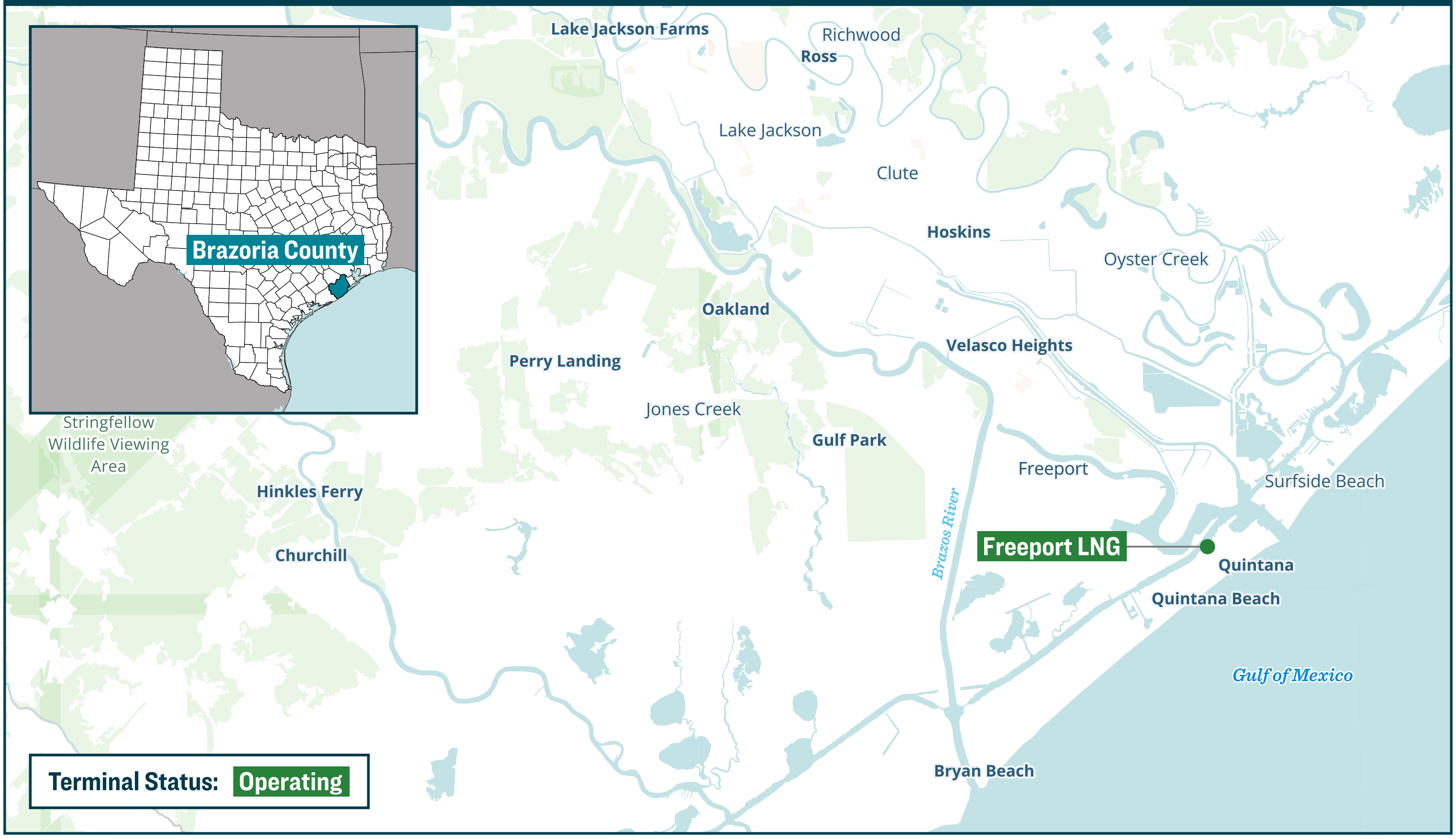
In total, Sabine Pass ISD allows LNG export terminal companies to avoid paying an average of $92.9 million dollars per year for ten years—an amount equivalent to more than five times the district's annual expenses—with the state paying the ultimate price.[90] In return, Golden Pass LNG promises to create only 60 new jobs, with Port Arthur LNG promising a meager 20. This comes out to a subsidy of $3.9 million per Chapter 313 job for Golden Pass LNG, and an incredible $34.7 million subsidy per job promised by Port Arthur LNG.[91]

FIGURE 6: Chapter 313 Tax Abatements Over 10-Year Agreements



Golden Pass LNG would owe $329 million in I&S and M&O taxes without its Chapter 313 agreements (the sum of all the pie chart's wedges). With Chapter 313 it pays only $94 million in taxes and supplemental payments, meaning its corporate subsidy of avoided taxes amounts to $235 million. Port Arthur LNG would owe $983 million, but with Chapter 313 it only pays $289 million in taxes and supplemental payments, netting a corporate subsidy of $694 million.

MAP 4: Freeport, Texas



FREEPORT, TEXAS

Located in Brazoria County Texas, Freeport is a small city about 60 miles south of Houston, on the Gulf Coast at the mouth of the Brazos River. In the 1930s, the city's white leaders began segregating the Black population, forcing them to live in a neighborhood downwind of the city's polluting sulfur plant.[92] The neighborhood, which became known as the East End, grew, developing grocery stores, churches, schools, and Black-owned businesses, as industry grew alongside. Dow Chemical Company built a major industrial plant in Freeport in 1940 to extract magnesium from seawater to aid in World War II efforts.[93] Dow has remained in the region ever since and boasts that its Freeport site is the largest "integrated chemical manufacturing facility in the Western Hemisphere."[94] Freeport is also home to another massive chemical production plant owned by BASF,[95] a growing deepwater seaport, the Freeport LNG export terminal, and other industrial facilities. The population of Freeport is just under 11,000, but the city's daytime population can top out at 75,000 when counting industrial workers that commute in from surrounding cities.[96] This has become a problem because these workers earn their paychecks working in Freeport, but the economic benefits realized when those paychecks are spent are bestowed upon other communities, depriving the city of tax revenue and local businesses of a large customer base.

While construction of the Freeport LNG import terminal began in 2005, the facility received its first permit to export gas in 2011.[97] The terminal made national headlines in June 2022 when a vapor cloud explosion and fire at Freeport LNG literally shook the community, rattling homes within a three mile radius and pushing two lifeguards at a nearby beach off their chairs.[98] An investigatory report indicates that Freeport LNG had been trying for two days to figure out what was wrong, but still declined to stop operating before the explosion.[99] In response, 136 organizations sent a letter to President Biden expressing continued concern with expanded gas exports and calling for immediate action to protect nearby communities.[100] Meanwhile, Freeport LNG resumed operations in February of 2023.[101] Residents wonder if the stronger, more frequent storms caused by the climate crisis will lead to another technical failure or explosion at the Freeport LNG terminal, which malfunctioned even without the presence of an extreme weather event.

Melanie Oldham, an environmental activist in Brazoria County, says that up and down the Texas and Louisiana Gulf Coast, industry builds in small towns, often populated predominantly by low-income people of color, and over time expands to engulf the entire community. Over the years, Ms. Oldham, a former health worker, has organized several health studies in Brazoria County where Freeport is located, to better understand how toxic emissions—as she calls it, the "chemical soup"—impact local families. These studies have documented terrible health issues including cancer clusters, with lung and nasal cancer being especially overrepresented in the community.[102] Ms. Oldham and others in the region keep trying to get decision makers to listen and to stop sacrificing people in her community. She and others in Freeport have invited politicians and government regulators to come to Freeport to see the density of industry and breathe in the pollution for themselves, but few ever visit.

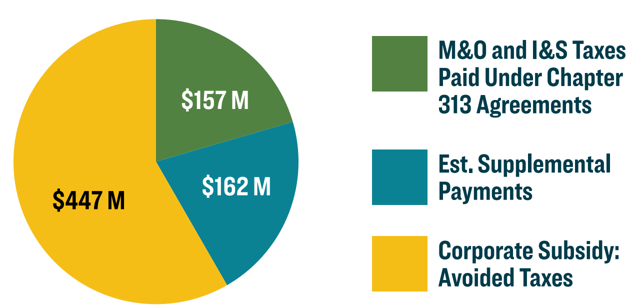
Ms. Oldham says Freeport LNG and the other plants in Brazoria County are exempt from most local and state taxes, purportedly in exchange for locating in the county and providing jobs and other economic benefits. She, along with the organization she founded called Better Brazoria,[103] and the statewide nonprofit Texas Campaign for the Environment (TCE),[104] worked with economists to study whether the benefits actually materialized. They found that each job created by Freeport LNG cost six million dollars in tax abatements across all of the developer's tax abatements.[105] If job creation is the real goal, Ms. Oldham argues, Brazoria County could collect even half of the exempted taxes and create hundreds of new jobs in local schools and hospitals, and provide other services to residents. For instance, she says, the local wastewater treatment facility needs to be replaced, and without industry tax revenue, the city has had to raise sewage rates to partially fund the project.[106] Ms. Oldham also points out that Freeport needs more medical services and clinics, as well as funding for the Sheriff's Department. And yet, she describes how Freeport LNG tries to gain support by giving donations to the community—often with strings attached, like advertising the terminal on local buildings. Ms. Oldham alleges that during a recent comment period for a permit that Freeport LNG required to expand its operations, the company went to local organizations and gave them donations in exchange for the directors signing letters of support to the permitting agency.

THE NUMBERS

Freeport LNG's Chapter 312 agreement with Brazoria County allows it to avoid paying 100% of the export terminal's property taxes over ten years.[107] The analysis commissioned by Better Brazoria and TCE finds that this results in nearly $149 million in avoided property taxes.[108] Under Chapter 313 agreements, Brazosport Independent School District limits Freeport LNG's taxable value by 99%. This results in a $447 million tax abatement subsidy; annually, that's equivalent to 19% of the school district's yearly expenses.[109] While the first phase of Freeport LNG is already in operation, about one-fifth of the developer's subsidy would be connected to constructing an additional liquefaction train at the terminal, which is in earlier stages—meaning a $77 million corporate subsidy could be avoided if that harmful expansion is never built.

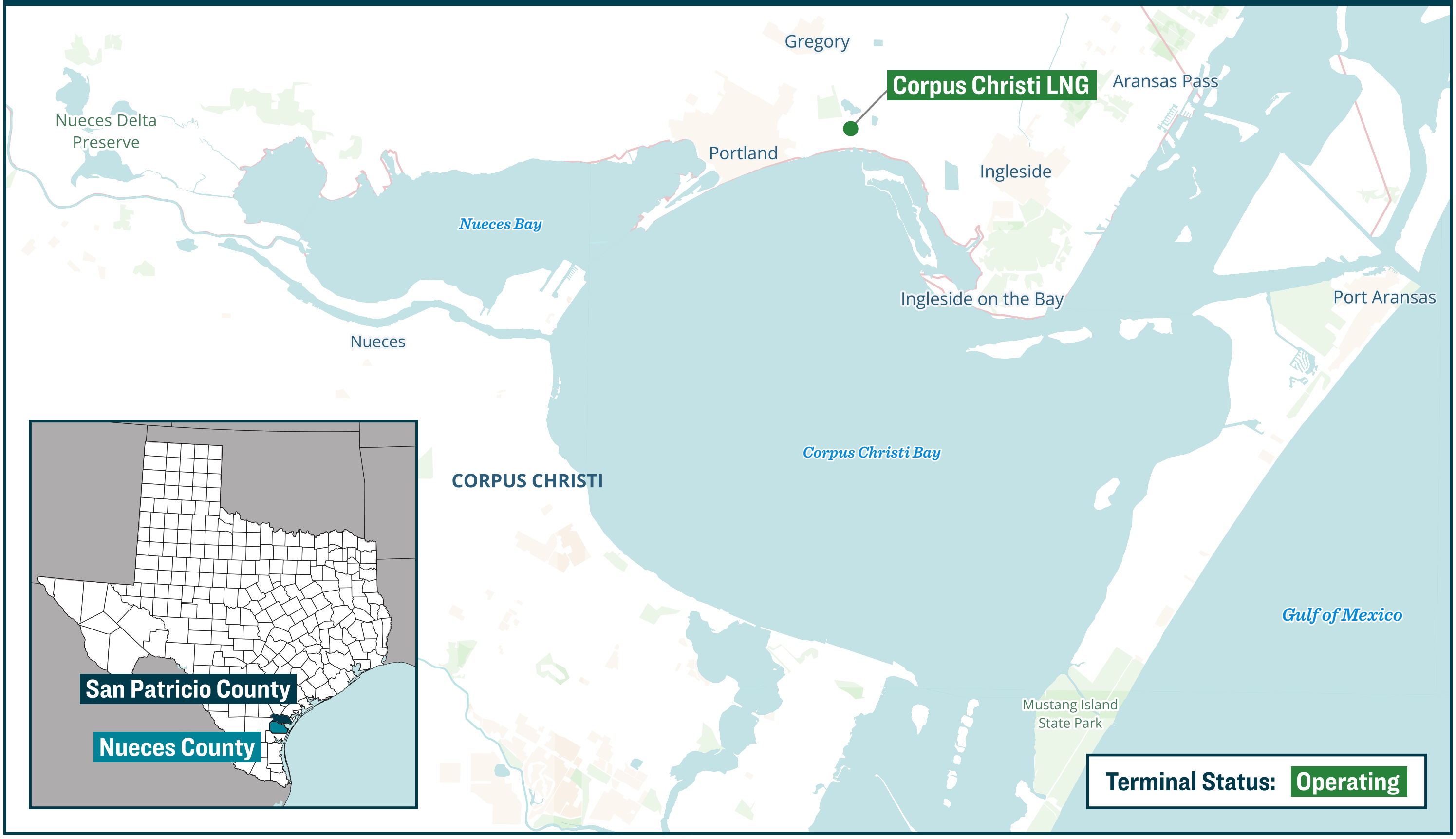
Freeport LNG promises to create 218 jobs in its Chapter 313 application, meaning it receives a two million dollar subsidy for every job it creates under that program alone.[110] And yet, federal safety investigators found that a key cause of the 2022 explosion at Freeport LNG was understaffing and operator fatigue at the facility.[111]

FIGURE 7: Chapter 313 Tax Abatements over 10 Years—Freeport LNG



Freeport LNG would owe $767 million in I&S and M&O taxes without its Chapter 313 agreements (the sum of all the pie chart's wedges). With Chapter 313 it pays only $320 million in taxes and supplemental payments, netting a corporate subsidy of $447 million.

MAP 5: San Patricio and Nueces Counties, Texas



SAN PATRICIO AND NUECES COUNTIES, TEXAS

The City of Corpus Christi, with a population of 316,000, lies on the southern shore of the Corpus Christi Bay in Nueces County. A boom of development hit the area following the opening of the Port of Corpus Christi in 1926, leading to a doubling of the population, new skyscrapers, and a large hotel in the business district in just a decade.[112] Presently, tourism is the region's second largest industrial sector after oil and gas, with 10.6 million visitors annually who account for 26% of sales tax collection for the City.[113] The Port of Corpus Christi is the sixth largest port in the nation,[114] and the nation's largest energy export gateway.[115]

Cheniere's Corpus Christi LNG (also known as Corpus Christi Liquefaction, or CCL), began operations in 2019.[116] The terminal is located on the north shore of the Corpus Christi Bay between the communities of Portland, Gregory, and Ingleside on the Bay in San Patricio County, Texas. Three major trains (liquefaction units) are currently operational, and Cheniere has a Stage III expansion under construction to add seven smaller midscale trains.[117] Additionally, Cheniere has the hope of starting to ship gas from a fourth expansion project in 2031.[118] There is already a constant parade of massive LNG tankers using the ship channel, and the Corpus Christi LNG Stage III project under construction will add up to 100 new ships a year, with the proposed expansion beyond that looking to add an additional 80.[119] In addition to Corpus Christi LNG, San Patricio County is home to industrial facilities from companies like ArcelorMittal, Chemours, ExxonMobil, and OxyChem, all of which have received tax abatements.[120]

Like with Plaquemines Parish, a major issue for the entire Corpus Christi region is access to clean water. According to Cyndi Valdes, Executive Director of Ingleside on the Bay Coastal Watch Association,[121] residents are concerned about the threats to local water supplies and the risks of additional spills into the bays and estuaries, as a local crude oil terminal has spilled oil twice since December 2022.[122] Ms. Valdes says there simply isn't enough fresh water to supply the industrial buildout and meet the needs of the people. Industrial water users account for about 60 to 80% of the City of Corpus Christi's water supply, and residents suffer as a result.[123] When water storage levels dropped below 30% in March 2024, the city declared mandatory water restrictions for residents.[124]

Locals like Ms. Valdes know all about the explosion at Freeport LNG in 2022, and are very concerned about what would happen to their small communities in a similar situation. She points out that densely populated neighborhoods in Portland are as close as 1.25 miles from Train 1 of Corpus Christi LNG, and the new trains being constructed will be just as close to residents in Gregory. Ingleside on the Bay has only one road in and one road out, meaning an explosion or accident of any kind would make it difficult to impossible for residents to evacuate or be reached by first responders. Even still, according to Ms. Valdes, the biggest concern is the air pollution and lack of air monitoring. The Texas Commission on Environmental Quality does not currently have any ambient air monitors in San Patricio County.[125] People can see the flares burning and are aware that LNG terminals vent pollutants that they cannot see, but don't know what is in the air. As additional air permits in San Patricio County are rapidly being sought by heavy industry, Ms. Valdes says the air around the populations located near these facilities should be closely monitored for air pollutants.

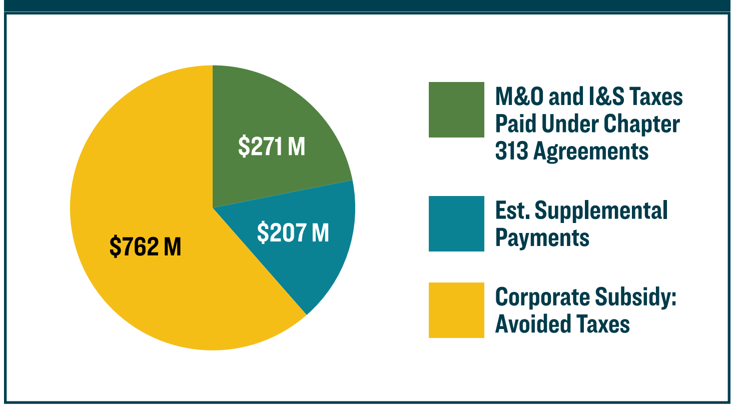
Ms. Valdes argues that if Cheniere and others paid their fair share of taxes, tax revenue could go to healthcare for local communities. There is no hospital in San Patricio County, and in 2021 voters denied a proposal that would have increased property taxes in order to create a local hospital district—an increase that companies with Chapter 312 agreements could avoid but households could not.[126] Similarly, with higher tax revenue the county could invest more into the fire departments and first responders who would be responsible for helping communities in the event of an explosion or other industrial accident. Ms. Valdes argues that county leaders are driven by the promise of new jobs and economic growth, which they fear they will lose if abatements are denied. Instead, communities do the best they can with the little bit that the companies donate locally and the few jobs that local people get.

THE NUMBERS

Corpus Christi LNG's Chapter 312 agreements with San Patricio County abate 100% of its property taxes over ten years. It has additional 312 agreements with Nueces County, where the port is located, that allow 100% abatement for the first three to five years and then 50% for the remainder—meaning both counties are missing out on tax revenues due to the nearby LNG terminal.[127] Autocase Economic Advisory estimates that these deals mean Corpus Christi LNG will avoid paying the counties $369 million in property taxes.[128]

Under Chapter 313, Corpus Christi LNG's taxable value is limited by 98%, which results in the Gregory-Portland Independent School District giving Corpus Christi LNG a $762 million subsidy[129]—annually equivalent to two-thirds of the district's expenses.[130] In fact, as of 2021, Corpus Christi LNG was estimated to be the company benefiting the most from Chapter 313 across the entire state.[131] About one-fifth of Cheniere's subsidy would be from building the latest proposed expansion on the Corpus Christi LNG terminal, which is not yet under construction—meaning $138 million in corporate giveaways could be avoided if the unnecessary expansion is not approved. Corpus Christi LNG commits to create 270 jobs under Chapter 313, meaning it receives a $2.8 million subsidy for every job it promises.

FIGURE 8: Chapter 313 Tax Abatements over 10 Years—Corpus Christi LNG



Corpus Christi LNG would owe $1.2 billion in I&S and M&O taxes without its Chapter 313 agreements (the sum of all the pie chart's wedges). With Chapter 313 it pays only $478 million in taxes and supplemental payments, meaning its corporate subsidy amounts to $762 million.

MAP 6: Brownsville, Texas

BROWNSVILLE, TEXAS

Brownsville, Texas, a city of almost 200,000 people, is in the Rio Grande Valley at the southernmost tip of the state, where the Rio Grande river pours into the Gulf of Mexico. The river, which is now forcibly a border between the United States and Mexico, is located on the traditional lands of the Carrizo/Comecrudo Tribal Nation of Texas (Esto'k Gna). The Carrizo/Comecrudo describe themselves as the "original people of Texas," and tribal members still call this region home.[132] The Rio Grande Valley has a 40,000-acre wildlife refuge and is home to the endangered ocelot, as well as a diversity of plant species native only to the region.[133] This is possible because the valley is one of the less industrialized areas of the Texas Gulf Coast. In recent years, SpaceX has been one of the first heavy industries to move into the region and its massive rocket launches have impacted Boca Chica Beach, a beloved local beach previously frequented by families for picnics and time in the surf.[134] Along the Brownsville Ship Channel sits the Port of Brownsville, once dominated by commodities like cotton and steel.[135] Now, the Port's ship channel is being dredged in order to better accommodate enormous LNG tanker ships from two planned export terminals.[136]

Building LNG terminals in this region would destroy Indigenous burial grounds, remains of ancient villages, and other sacred sites.[137] In fact, Texas LNG is proposed to be sited on Garcia Pasture, which is on the National Park Service's Register of Historic Places[138] and was named on the 2022 World Monuments Watch list.[139] The LNG buildout also threatens to harm wetlands and other ecosystems, such as the Laguna Atascosa National Wildlife Refuge—part of the last remaining nonindustrialized piece of the Texas Gulf Coast. In addition to the air quality, water, and health impacts of LNG expansion in the Lower Rio Grande Valley, residents fear that industrialization and the loss of local grasslands and wetlands will exacerbate local flooding, as the area is already subject to frequent flooding, storms and hurricanes.

In May 2024, the South Texas Environmental Justice Network (SOTXEJN) published a comprehensive report on subsidies for the LNG terminals proposed in Brownsville, titled "LNG Tax Abatements Are a Bad Deal for Cameron

County."[140] As the report highlights, the intent of the tax abatements is to bring new industry to the area—however Rio Grande LNG had already started construction before its tax abatement extension, described further below, was approved. Given that these projects initiated their federal permitting processes specific to the Brownsville sites in 2016, the report concludes, "the plan to incentivize them now to build here with local tax breaks, eight years into the project, makes no logical sense."

SOTXEJN co-founder Bekah Hinojosa says the tax subsidies rob the people of Cameron County, exposing them to toxic pollution and other impacts all to enrich shareholders and executives. This is particularly poignant in this region of Texas, which is among the poorest in the country: over 24% of families in the Rio Grande Valley region live below the poverty line, nearly triple the percentage for the United States at large.[141]

SOTXEJN calls for the Cameron County Commissioners to pass a resolution against providing tax abatements for LNG projects, as the City of Port Isabel has done.[142] Their report details the harms that these projects would pose to their community and imagines how money could be put to better use: "Rather than give away our local tax money to an industry that would not pay taxes, Cameron County would benefit more from appropriating our local tax revenue to fix roads, address the severe drought, build better flooding infrastructure, expand eco-tourism, and provide more services to low-income community members and colonia [unincorporated neighborhood] residents."[143]

Ms. Hinojosa wants community leaders to focus on development opportunities that create clean, healthy jobs that don't expose workers and other community members to harmful pollutants, or put people at risk of being injured in an industrial explosion. She underscores that local officials should not be using tax abatements to incentivize the kinds of harmful, dangerous jobs brought by LNG export terminals.

Moreover, the lack of transparency around the tax subsidies is disturbing, Ms. Hinojosa says. She and other residents of the Rio Grande Valley have been trying to advocate against the tax abatement program but have been shut out of the process. When the Cameron County Commissioners met to vote to approve tax abatements for the Brownsville terminals, one LNG company was given more than an hour to make its case, while community organizations who had researched concerns about the massive giveaway were not allowed to present their report. Ms. Hinojosa is also worried about the impact that gifts from the LNG companies will have on the region's ability to protect its people. If the company is required to pay taxes, there are no strings attached. But if Rio Grande LNG gives money to local governments voluntarily, she fears local officials will be more likely to ignore the pollution and adverse health impacts.

THE NUMBERS

In June 2024, Cameron County approved tax abatements under Chapter 312 for the Rio Grande LNG and Texas LNG terminals.[144] Rio Grande LNG was granted a renewal of its Chapter 312 agreements originally approved in 2017, under which 100% of property taxes will be abated when the terminal comes online.[145] As part of the deal, Rio Grande LNG agrees that 35% of its employees must be "regional residents"; the original agreements defined regional residents as people born in the county or living within 100 miles of the site for at least six months before being hired, but the current agreements weakens that by removing the residence time requirement. Texas LNG's Chapter 312 agreement abates 95% of its general fund M&O and road and bridge county taxes over ten years with no guaranteed job creation. The agreement includes only a "target" of 90 new jobs with the "goal" of ensuring that 31 of the hires have lived within 50 miles of the site for at least six months.[146]

Rio Grande LNG and Texas LNG had both previously applied for abatements under Chapter 313, but were rejected by the Point Isabel ISD in 2016 and 2022.[147] In fact, in early 2024 the City of Port Isabel, which is served by the Point Isabel ISD, went so far as to pass a resolution against providing tax abatements for LNG facilities, stating that "the City of Port Isabel expresses deep concern about the further transfer of tax burden to residential homeowners by the abatement of taxes at industrial facilities, including facilities that have already made public declarations of intent to construct in the absence of tax abatements."[148] Rather than pack their bags at these rejections, both Rio Grande LNG and Texas LNG have continued advancing their projects, underscoring that these tax abatement giveaways do not impact the LNG industry's decision to locate in the area.

SUMMARY: KEY TAX ABATEMENTS FOR LNG EXPORT TERMINALS IN TEXAS

Terminal	County	Terminal Status	Chapter 312 Abatement	Value of 10-Year Chapter 313 Abatement	Chapter 313 Qualifying Jobs Promised	Chapter 313 Total Jobs Promised	Chapter 313 Subsidy per Job	Share of Chapter 313 Subsidy for Planned Projects
Corpus Christi LNG	San Patricio	Operating	✓	$762 M	186	270	$3 M	18%
Port Arthur LNG	Jefferson	Under Construction	✓	$694 M	20	20	$35 M	35%
Freeport LNG	Brazoria	Operating	✓	$447 M	140	218	$2 M	17%
Golden Pass LNG	Jefferson	Under Construction	✓	$235 M	48	60	$4 M	0%
Rio Grande LNG	Cameron	Under Construction	✓	Rejected	N/A	N/A	N/A	N/A
Lake Charles LNG	Cameron	Planned	✓	Rejected	N/A	N/A	N/A	N/A
TOTAL				**$2.1 B**	**394**	**568**	**$4 M**	**21%**

Qualifying jobs have a higher standard for pay and benefits than non-qualifying jobs. Planned projects would only start receiving Chapter 313 subsidies once they come online.

The LNG terminals proposed in Brownsville would be sited right next to the Laguna Atascosa National Wildlife Refuge. Brian Henderson

2022 LNG export day of action in Lake Charles, LA. Alexander Hamilton II.

CONCLUSION

The nine operating and proposed LNG export terminals sited in the Louisiana LNG hotspots reviewed in this report together receive $21.6 billion in tax breaks from ITEP and QJ. In Texas, all the terminals in this report's scope receive tax abatements under Chapter 312, and have Chapter 313 agreements that amount to $2.1 billion in corporate subsidies. These massive tax exemptions deprive local communities of sorely needed funds for decades, all while subsidizing an industry that harms local industries like fishing and tourism, causes premature deaths and millions of dollars in health costs, and threatens precious ecosystems. Moreover, the facilities built with those subsidies threaten the Gulf and the rest of the world with the impacts of exacerbated climate change. The US continues investing billions in LNG infrastructure, despite warnings that this puts climate commitments out of reach—commitments that are critical in order to mitigate the worst impacts of the climate crisis, such as fatal heat waves, mass extinction, and agricultural scarcity.

While all of these tax exemption deals have been approved by the requisite regulators, 41% of the value of the Louisiana ITEP exemptions reviewed in this report and 21% of the Texas Chapter 313 subsidies are for projects that are not yet operating or under full construction, meaning these promised giveaways could potentially be avoided if the harmful projects are never built. And this is exactly what is necessary to avert the worst of the climate crisis: a global reduction, not expansion, of fossil fuel use is critical in order to stay below a 1.5° Celsius temperature increase, according to the International Energy Agency, the IPCC, and a global consensus of scientists.[149] Moreover, keeping tax revenue in local communities could enable many of the critical investments explored by frontline community members in this report.

While the US has a history of causing unjust harm to communities in the name of corporate gain, the energy sources of the future must not do the same. Everyone deserves to breathe clean air, raise children without respiratory issues, and experience the benefits of economic development from non-polluting industries that pay their fair share of taxes. The best place to start building that reality is with communities like those explored in this report.

METHODOLOGY

All dollar amounts are presented in 2024 dollars.

Industrial Tax Exemption Program (ITEP)—Louisiana

The foundational ITEP data collection and analysis was done by Erin Hansen of Together Louisiana. Data were downloaded from Louisiana Economic Development in August 2024.[150] The scope was limited to applications related to LNG export infrastructure in Calcasieu, Cameron, and Plaquemines Parishes. Canceled, denied, withdrawn, and duplicate applications were excluded. Each ITEP agreement was assigned to either a currently operating, under construction, or planned phase of the terminal, based on the details in the state database.

In order to estimate the annual value of each ITEP award per year, the developer's total investment is multiplied by 15% (generally, the assessed value is 15% of the fair market value[151]) and again by the parish millage rate: the amount of property tax paid per dollar of assessed property. Property value is assumed to depreciate according to the 2023 20-year composite multiplier published by the Louisiana Tax Commission.[152]

Each ITEP agreement grants a company an initial five-year exemption, with the opportunity for a five-year renewal immediately afterward. We assume that all companies seek and are granted renewals, as has historically been the case, meaning that each exemption (of which companies may have multiple overlapping) last ten years. Lost revenue by budget category in each parish is calculated using the distribution of local taxes in 2023 as reported by the Louisiana Tax Commission.[153] Jobs promised are assumed to be additive across a given company's multiple ITEP applications, but not additive with jobs promised under the Quality Jobs (QJ) program. The ITEP corporate subsidy per job is calculated as:

Quality Jobs (QJ)—Louisiana

Data were downloaded from Louisiana Economic Development in July 2024.[154] The scope was limited to applications related to LNG export infrastructure in Calcasieu, Cameron, and Plaquemines Parishes. Canceled, denied, or withdrawn applications were excluded. Similar to ITEP, QJ applications are granted for five years with the ability to extend an additional five years. All QJ agreements are assumed to last ten years.

The value of the QJ exemptions was calculated by adding together the estimated ten-year payroll rebate (equal to six percent of estimated ten-year new payroll) and the estimated ten-year sales and use or investment tax credit, as published in the state database.

Estimated new jobs are assumed not to be additive with jobs created under ITEP.

Chapter 312 Property Tax Abatement Program—Texas

Agreement details including abatement schedules were sourced from the Texas Comptroller's database,[155] as well as media and company reporting of agreements that were not in the database as of July 2024. The scope was limited to applications related to LNG export infrastructure in Brazoria, Cameron, Jefferson, Nueces, and San Patricio counties. Canceled, denied, or withdrawn applications were excluded. The database does not contain comprehensive information on the base value of abated property, and so calculating the value of LNG developers' Chapter 312 tax exemptions was outside the scope of this report. Where available, this report cites analyses done by others. The total subsidy values per terminal calculated in this report are thus conservative, since they don't include the value of Chapter 312 tax abatements.

EQUATION 1: ITEP Corporate Subsidy per Job

$$\textit{ITEP corporate subsidy per job} = \frac{\textit{value of the ITEP corporate subsidy}}{\textit{total number of jobs promised in ITEP agreements}}$$

Chapter 313 Value Limitation Agreement Program—Texas

Data were downloaded from the Texas Comptroller's database in July 2024. Specifically, the data were sourced from the "2022 School District Cost Data Report" for each agreement. For newer agreements, where a Cost Data Report has not yet been published, the data were sourced from the "Agreement and Findings" documents.[156] The scope was limited to applications related to LNG export infrastructure in Brazoria, Cameron, Jefferson, Nueces, and San Patricio counties. Canceled, denied, or withdrawn applications were excluded. Each Chapter 313 agreement was assigned to either a currently operating, under construction, or planned phase of the terminal, based on the details in the state database.

Chapter 313 does not grant companies a given tax abatement percentage, but rather limits the value upon which taxes can be collected. This report presents each LNG developer's effective taxable value limitation as a percent of total taxes owed without Chapter 313. This was calculated as:

EQUATION 2: LNG Developer's Effective Taxable Value Limitation

$$\text{effective value limitation} = 1 - \frac{\Sigma \text{ limitation amounts}}{\Sigma \text{ maximum of market value of qualified property before any exemptions}}$$

The limitation amount refers to the taxable value of qualified property under each Chapter 313 agreement.

The value of the corporate subsidy for a given agreement was calculated as:

EQUATION 3: Value of the Corporate Subsidy for a Given Agreement

$$\text{corporate subsidy} = \text{total Interest and Sinking (I\&S) and Maintenance and Operations (M\&O) tax levy without limitation over 10 years} - \text{total I\&S and M\&O tax levy with limitation and after application of any tax credits over 10 years} - \text{total revenue protection payments paid or estimated to be paid over 10 years} - \text{total supplemental payments paid or estimated to be paid over 10 years}$$

For most of the agreements in this report's scope, the ten years includes two "qualifying time period" years and eight years where the limitation is in effect. For some newer agreements, the limitation is in effect across all ten years. Chapter 313 agreements also require the company to maintain a visible presence for three to five years after the limitation period ends, during which taxes are paid on the property's full market value.

Jobs promised at the LNG export terminal level are calculated by adding up the total number of jobs that will have been created when fully operational (qualifying and non-qualifying) from each application. Qualifying jobs have a higher standard for pay and benefits than non-qualifying jobs. Jobs promised are assumed to be additive across a given company's multiple Chapter 313 applications. The Chapter 313 corporate subsidy per job is calculated as:

EQUATION 4: Chapter 313 Corporate Subsidy per Job

$$\text{corporate subsidy per job} = \frac{\text{value of the Chapter 313 corporate subsidy}}{\text{total number of qualifying and non-qualifying jobs promised in Chapter 313 agreements}}$$

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