

# Property Tax Exemptions and Assessment Administration in Orleans Parish

*Summary and Recommendations*  
*December 1999*

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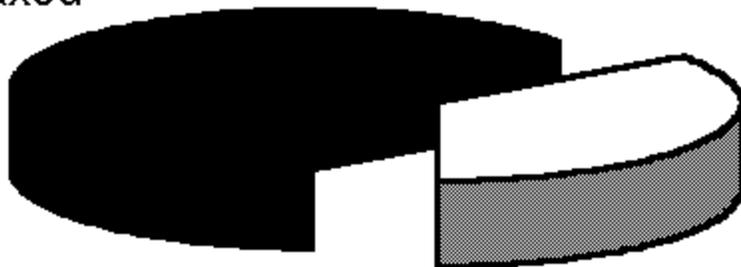
## INTRODUCTION

Suppose you ran a restaurant, but gave free meals to most of your customers to reward them for doing good things in the community. And suppose that once the free meals started, you stopped checking up to see if your customers were still doing the good things for the community that prompted your generosity in the first place.

This scenario is not much of a fantasy. It is an apt depiction of the property tax system in Orleans Parish, where 65% of the assessed value of real property is exempt from property taxation, and no one systematically monitors whether the exempt property owners deserve the tax breaks they enjoy.

### **65% of the Orleans Parish Property Tax Base is Exempt**

65% Not  
Taxed



35% Taxed

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## Property Tax Exemptions and Assessment Administration

Nonprofit exemptions comprise the major portion of exempt property in Orleans Parish. They cost local governments and taxpayers \$200 per person annually, while the homestead exemption has an annual cost of \$154 per person. Together, these exemptions cost local governments an estimated \$165 million annually in revenues. (This does not include the cost of public property that is exempt from taxation.)

<b>ORLEANS PARISH NONPROFIT AND HOMESTEAD EXEMPTIONS</b>			
Classifications	Assessed Value of Exemption	Local Revenue Lost	Cost per capita
<b>NONPROFITS:</b>			
Churches	\$ 134,824,163	\$ 22,561,448	\$ 48
Religious Schools	84,359,812	14,116,635	30
Private Schools	15,333,078	2,565,824	6
Fraternal Organizations	4,320,280	722,909	2
Labor Unions	2,873,890	480,768	1
All Others	<u>315,532,841</u>	<u>52,801,124</u>	<u>113</u>
<b>NONPROFIT SUBTOTAL</b>	<b>\$ 557,244,064</b>	<b>\$ 93,248,708</b>	<b>\$ 200</b>
Homestead Exemption	\$ 458,305,441	\$ 71,894,305	\$ 154
<b>TOTALS</b>	<b>\$ <u>1,016,549,505</u></b>	<b>\$ <u>165,143,013</u></b>	<b>\$ <u>354</u></b>

Estimates of the cost of exemptions are just that estimates. Exempt properties are not listed on the assessment rolls in useful categories. There is no regular, official tabulation of how much property is exempt or how much it costs taxpayers, and there is no readily available way to tell if the assessed values shown on the tax rolls are accurate. Moreover, the Louisiana Tax Commission does not monitor how exemptions are administered.

Problems with property tax exemptions in Orleans Parish were identified in BGR's 1996 report *Property Taxes: Who Pays, Who Doesn't and Why?* Following up that publication, we began over two years of additional research addressing two broad areas: (1) the administration of property tax exemptions

and (2) assessment administration in general. This summary provides an overview of our work. The full report provides the analytical detail underlying this summary.

From the outset, it is useful to point out what this report is **not** about.

- ♦ It is not about eliminating legitimate nonprofit exemptions, but it is about managing the process so that exemptions are granted only to nonprofits whose activities justify a public subsidy in the form of a tax exemption.
- ♦ It is not about eliminating the homestead exemption, nor about eliminating Orleans Parish's system of seven assessors, which dates back to the 19th century. However, it is about the costs and implications of these policy choices.

The problems identified in BGR's 1996 report are essentially the same today. So what's new in our recent work?

- ♦ More detailed research on nonprofit exemptions. While the types of nonprofit exemptions in Louisiana are similar to those in the rest of the nation, Louisiana more indulgently allows nonprofits to use their exempt property for non-exempt purposes.
- ♦ An analysis of how the constitutional basis of exemptions in Louisiana changed from Louisiana's 1921 constitution to the 1974 constitution currently in force.
- ♦ More detailed review of how other states administer exemptions. Our recommendations may be new to Louisiana, but we found that they are common practice in other states.
- ♦ Recommended application forms for Orleans Parish assessors to use to determine whether nonprofit owners and their specific properties qualify for exemptions.
- ♦ A national comparison of assessment practices.
- ♦ An analysis of Louisiana Tax Commission ratio studies for Orleans Parish, showing that even though assessments satisfy the minimal standards used by the commission, systematic problems with the accuracy of assessments remain.

- ♦ A sampling of websites that citizens can consult to see the types of information and services available from assessment offices elsewhere in the nation.

### **EXEMPTION ADMINISTRATION**

Louisiana is one of the few states where nonprofit exemptions are constitutionally protected. Under Louisiana's 1974 constitution, exemption eligibility is based primarily on nonprofit *ownership* of property. Although the nonprofit organization must be devoted to constitutionally specified purposes (e.g., religious, educational, charitable), there is no requirement that the exempt property itself be actually *used* for those purposes. Indeed, property exempt by virtue of nonprofit ownership can be used for any purpose other than commercial purposes unrelated to the exempt purposes of the corporation or association. Although it looks good on paper, this constitutional prohibition has little practical effect. Louisiana courts have allowed exemptions to stand even for activities that are practically indistinguishable from profit-making commercial uses.

This exempt all but commercial approach is a significant departure from the 1921 constitution, which required the actual use of property for specific purposes. The change weakened the power of local assessors to limit exemptions only to those uses that genuinely perform a public service in return for the exemption.

The exemptions examined in our report are enumerated in Article VII, §21 of the 1974 Louisiana Constitution. They are:

- ♦ Property owned by nonprofits organized and operated exclusively for religious, dedicated places of burial, charitable, health, welfare, fraternal, or educational purposes. Art. VII §21(B)(1)(a). This catchall exemption covers about 90% of exempt real property.
- ♦ Property leased to a nonprofit as housing for the homeless. Art. VII, §21 (B)(1)(b).
- ♦ Property of a bona fide labor organization engaged in collective bargaining. Art. VII, §21(B)(2).

- ♦ Property of lodges or clubs organized for charitable and fraternal purposes. Art. VII, §21(B)(3).
- ♦ Property of a nonprofit corporation devoted to promoting trade, travel, and commerce. Art. VII, §21(B)(3).
- ♦ Property of a trade, business, industry or professional society or association. Art. VII, §21(B)(3).
- ♦ Property used for cultural, Mardi Gras carnival, or civic activities and not operated for profit to the owners. Art. VII, §21(C)(12).

Because exemptions occur off the books, they are seldom accounted for in official budgets. But exemptions have real financial consequences for the non-exempt taxpayers who subsidize them. In economic terms, there is little difference between revenue foregone and revenue expended.

Property tax exemptions grant a select group access to free or discounted public services. Non-exempt taxpayers foot the bill for providing these services. For this reason, exemptions should only be made available to organizations providing services that lessen the burden of government, i.e., services that government would otherwise provide.

However, all too often, property tax exemption eligibility is simply based on a nonprofit group's income tax exemption status rather than on services actually performed. This kind of watered-down eligibility begets an entitlement mentality that undermines the public service rationale for granting the exemption in the first place.

In the long run, the best approach to solving problems with the administration of exemptions is for the legislature to enact constitutional and statutory exemption reform. Louisiana assessors badly need better constitutional and statutory direction. However, the lack of guidance should not be equated with a lack of authority. Assessors have considerable discretion in evaluating applications for exemptions. This is especially true when assessors make the initial determination about whether a nonprofit organization satisfies the constitutional criteria for an exemption. It is at this point where assessors can effectively exercise their inherent authority to police the exemption process.

The same holds true regarding the assessors' authority to revisit exemption eligibility after applications have been approved. Yet in our research, we could not find any formal procedures by which exemptions are monitored after they are initially granted.

### **ASSESSMENT ADMINISTRATION**

Because the effectiveness of exemption administration is inextricably linked to the quality of assessment practices in general, our report also examines assessment administration in Orleans Parish.

Property assessment is an exercise in applied economics and statistics, requiring significant levels of technical training and experience on the part of assessment professionals. Assessors face the unenviable task of having to estimate true market value for thousands of properties. That task is greatly complicated by the fact that true market values are seldom observable directly. Although they navigate a field that is part art and part science, today's assessors can draw upon a well-developed body of theory, as well as generally accepted standards for valuation.

In North America, the International Association of Assessing Officers (IAAO) is the leading professional organization for setting comprehensive standards for assessment administration. When we evaluated Orleans Parish against IAAO standards, and also relative to comparative research on assessment practices nationwide, we found many shortfalls.

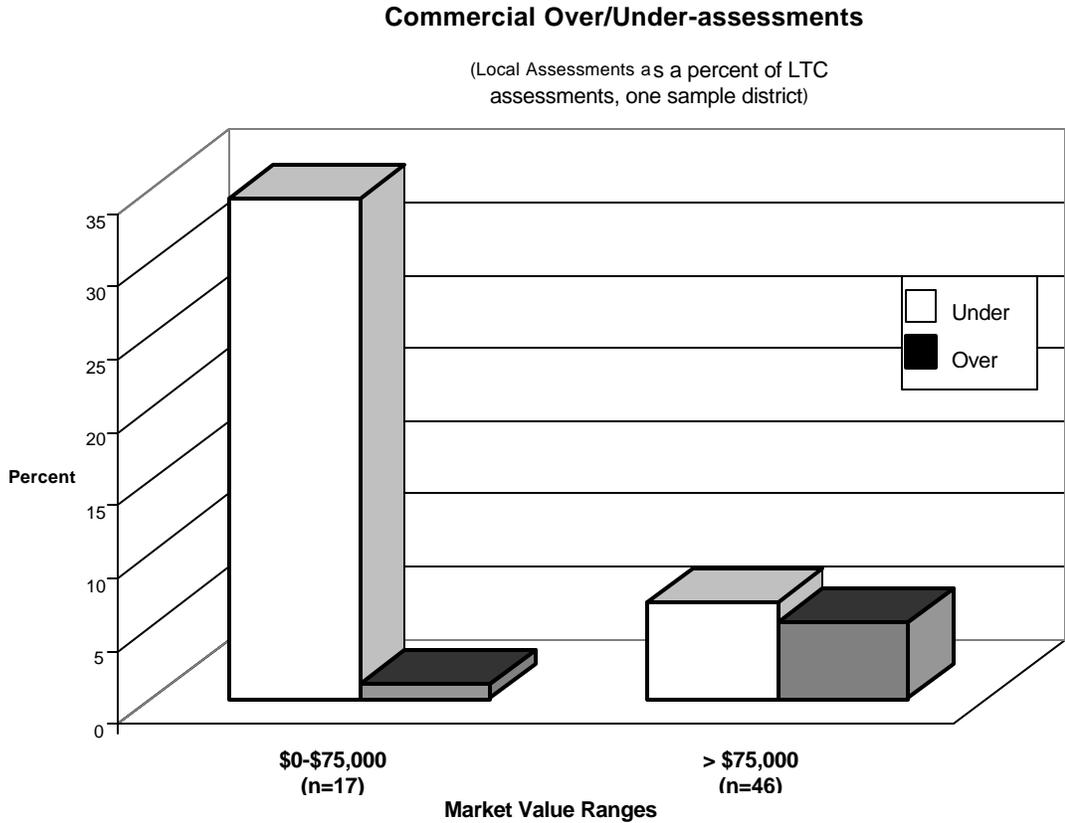
### **Valuation**

In Louisiana, assessment rolls do not list market value; they record an assessed valuation—that is a percentage of market value specified in Article VII, §18 of the Louisiana Constitution. The percentage depends on the type of property involved.

#### **CONSTITUTIONAL ASSESSMENT RATIOS**

Land	10%
Residential Improvements	10%
Electric cooperative properties, excluding land	15%
Public service properties, excluding land	25%
Other property	15%

To evaluate how well assessments in Orleans Parish tracked constitutional requirements, BGR analyzed ratio studies performed by the Louisiana Tax Commission (LTC). When averaged together, local assessments satisfied LTC guidelines. However, they were significantly skewed when analyzed in more detail. For example, the accompanying graph depicts commercial assessments in a randomly selected municipal district, broken down by two assessment bands or valuation ranges.



Although the accuracy of this particular sample of assessments was acceptable under LTC standards, the total value of local assessments made for properties under \$75,000 was about 34% lower than LTC assessments. In contrast, the differences between over- and under assessments for assessment levels above \$75,000 were less pronounced. This illustrates a simple point: LTC's statistical methods can mask significant assessment disparities. A passing grade does not necessarily guarantee equitable assessments.

We performed an additional analysis of the LTC's 1998 residential ratio-studies. That analysis is detailed in Appendix F of the full report. It suggests that an assessment practice known as "sales chasing" inflates the LTC's estimates of the accuracy of assessments in Orleans Parish. LTC's sample apparently included assessments that had already been adjusted by the assessor to equal actual sales prices.

In summary, for both commercial and residential assessments, our analysis suggests that the LTC's statistical methods make assessments in Orleans Parish appear more accurate than they actually are.

### **Mapping**

Maps are the informational bedrock of an assessment system. They provide data on the size, shape, and location of property parcels. Maps tie taxable properties to taxpayers.

Modern technology has revolutionized mapping with computerized Geographic Information Systems (GIS). Such systems, which can be implemented with "off the shelf" hardware and software, allow maps to be easily produced. More importantly, GIS allows data to be managed and readily analyzed by geographic areas. This is a powerful tool for assessment administration because the geographic location of property has a major influence on its value.

As far as we could determine, the Orleans Parish assessors do not have any system for developing and updating property maps, nor do they make use of electronic maps. However, at least one assessor is considering the technology.

We recommend implementing a single GIS for all seven assessment districts. The New Orleans City Planning Commission is the city's lead organization for GIS, and has already developed GIS base maps for the city. Rather than starting from scratch, the Orleans Parish assessors should utilize the work of the commission, and should coordinate their GIS activities with the commission.

GIS systems also facilitate making data available to citizens through the Internet. Increasingly, jurisdictions across the country are allowing citizens to view assessment maps and underlying parcel data on-line. In addition to

giving citizens immediate access to their information, such a self-service system can moderate an assessor's clerical workload by reducing citizen telephone inquiries and in-office data retrieval.

**Assessment Resources**

When scrutinized against IAAO standards, assessment operations in Orleans Parish fall short in many respects. Yet assessors' salaries are quite high, whether compared with neighboring jurisdictions or with national averages. Further, the assessors enjoy a generous statewide retirement program to which New Orleans is required to contribute at a rate four times higher than other parishes.

<b>COMPARISON OF ASSESSORS' SALARIES</b>	
Orleans Parish Assessors	\$ 70,000 to \$ 85,600
Mississippi Assessors	\$ 31,423 to \$ 65,139
Comparative National Averages	\$ 45,300 to \$ 62,700

While the lack of modern technology might suggest that Orleans Parish assessors are underfunded, our research indicates that the assessors' expenditures exceed national benchmarks. Although we use national benchmark data with caution, the overall budgets of the assessors appear to be sufficient to do the job. The problem in Orleans Parish is that a large share of the resources is consumed by supporting seven independent assessors with salaries well in excess of national averages. Further, small, independent staffs in each of seven districts stand in the way of a more efficient division of labor within the assessors' collective staff. Accordingly, we recommend pooling staff resources and developing specialized assessment divisions or departments within a consolidated organization.

<b>ASSESSMENT RESOURCES</b>	
(Current Dollars)	
National IAAO Benchmark	\$12.31 to \$14.78 per parcel
Orleans Parish	\$14.90 to \$16.05 per parcel

A proposed functional organization chart is provided in Part V of the full report. Establishing an organizational hierarchy of specialized assessment departments or divisions would not conflict with the statutory requirement for each assessor to independently exercise his functions in the assessing and listing of the property in and for his respective district within the parish.

### **THE BREADTH OF THE PROBLEM**

Despite BGR's focus on local exemption and assessment practices, it became clear during the course of our research that improvements at the local level alone could not overcome a fundamental problem: the exemption provisions of the Louisiana Constitution are so broad and vague that purely local efforts will be insufficient.

Although some of the findings and recommendations presented here will inevitably be seen as a critique of the assessors in Orleans Parish, that is not our focus. Instead, we targeted the system of laws and practices within which the assessors work. We recognize that the assessors have a difficult task, particularly in view of the fundamentally inadequate constitutional and statutory provisions that govern their work. We hope that this report will be seen by the assessors as a blueprint for the future rather than as a critique of the past.

Upgrading exemption and assessment administration is likely to meet with resistance from many quarters—especially the assessors who will be called upon to improve how they operate, and exempt property owners who will be called upon to provide more information to justify their exemptions.

But exemptions are not free. They are, in reality, off-the-books expenditures. They need to be examined with the same scrutiny as actual cash expenditures because they have the same effect on local government finances. Organizations that receive the benefits of exemptions that cost tens of millions of dollars should be willing to demonstrate that they qualify for the tax breaks they receive. Exemptions need to be approached from a *quid pro quo* perspective that demands that the public receive some value in return for foregone revenue. Tax-exempt organizations should give as well as receive.

Periodically, citizens and elected officials alike need to pause and reevaluate. What activities do we want to subsidize with tax exemptions? Are definitions too loose? Are review and investigations too lax? Are general

standards for assessment practices too low? Are methods outmoded? BGR welcomes a discussion of the ideas and recommendations in this report.

## **RECOMMENDATIONS**

BGR's misgivings with the quality of local exemption and assessment practices are systemic in nature. The problems identified in this report are deeply rooted in old political attitudes, constitutional provisions, and legislative practices, as well as institutional legacies that far surpass the power of the Orleans Parish assessors to reform. Accordingly, our recommendations for improvement are directed at several centers of power, including the general public, the assessors, the Louisiana Tax Commission, and the legislature. These recommendations, and the underlying research and analysis supporting them, are developed in more detail in the full report.

## **RECOMMENDATIONS TO THE PUBLIC**

1. Stop thinking of exemptions as free money. In economic terms, the distinction between revenue forgone and revenue expended is spurious. Although exemptions, or tax expenditures, occur off the books and are seldom accounted for in public budgets, this should not distract attention from the fact that exemptions have real financial consequences for non-exempt taxpayers.
2. Press for disclosure, consistency, and fairness in the consideration of applications for exemptions.
3. Support reform of exemption procedures and ultimately constitutional and statutory changes to exemption eligibility criteria recommended below.
4. Expect more from your assessor's office. Appendix H in the full report provides a sampling of eye-opening websites intended to raise awareness of the level and quality of services that are routinely provided in other jurisdictions.

## **RECOMMENDATIONS TO THE ORLEANS PARISH ASSESSORS**

### **Recommendations for Improving Exemption Administration**

5. Place the burden of demonstrating eligibility on the applicant organization.
6. Require each applicant under the nonprofit catchall exemption to prove that it satisfies each of the exemption criteria under Art. VII, §21(B)(1)(a) of the constitution as a matter of actual practice rather than simply on paper; disqualify any organization that cannot clearly demonstrate eligibility. The criteria are:
  - ♦ The organization or association must be a nonprofit corporation;
  - ♦ It must be organized exclusively for the constitutionally allowable purposes: religious, dedicated places of burial, charitable, health, welfare, fraternal, or educational;
  - ♦ No part of its net earnings may inure to the benefit of any stockholder or member;
  - ♦ It must be exempt from federal or state income tax; and
  - ♦ The property for which an exemption is sought is not owned, operated, leased, or used for commercial purposes unrelated to the exempt purposes of the corporation or association.
7. Require each applicant under other constitutional exemptions (§21(B)(2), (3), and §21(C)(12)) to prove eligibility, not only by proving its status on paper, but also by proving that it does, in practice, perform the public services contemplated by the constitution.
8. Classify exemptions in the assessment database using categories that track the constitutional eligibility criteria. The classification system currently used in Orleans Parish does not match the classification system in the constitution.
9. Use rigorous exemption application forms uniformly in all seven districts. (See Appendix D in the full report for model application forms.)

10. Eliminate open-ended exemptions. Require requalification on an annual or some other periodic basis for exemptions, or require annual sworn statements testifying that there have been no changes in operation or ownership that would alter eligibility status.
11. Institute formal discovery measures to uncover property illegally enjoying tax-exempt status. At the very least, assessors should conduct random spot checks of exempt properties.
12. Assess exempt property accurately and periodically, preferably as frequently as taxable property is assessed. Currently, there is no requirement that property on the exempt rolls be assessed at regular intervals, making it difficult to gauge the true cost of exemptions. Without this information, taxpayers and policy-makers lack the ability to evaluate the net benefits of individual exemptions.
13. Increase transparency of the exemption process by expanding opportunities for public scrutiny. Assessors should provide public notice of pending exemptions, and publish an annual list of all exempt property, classified according to the constitutional category under which the property is considered exempt. Public awareness of exempt properties would increase the likelihood that the illegal use of exempt property would be brought to the attention of the appropriate assessor.

### **Recommendations for Improving Local Assessment Practices**

14. Reorganize the collective workforce of the seven assessors, and adopt centralized and consolidated approach to assessing property in Orleans Parish. (Part V of the full report details a conceptual organizational structure that can accomplish this without violating the constitutional requirement of seven assessors and seven assessment districts.)
15. Implement parishwide state-of-the-art computerized assessment systems and valuation models.
16. Coordinate with the City Planning Commission to utilize the city's existing Geographical Information System for assessment administration.

17. Establish formal data collection procedures, especially with respect to the collection of sales data.
18. Implement in-house performance measures and evaluation procedures, including in-house sales-ratio studies.
19. Utilize Internet technology to make assessment and exemption data easily accessible to the public.
20. Improve internal management practices and implement them uniformly in all seven districts. The practices should include: preparing written work procedures, measuring and determining reasonable workloads, and developing audit trails.

### **RECOMMENDATIONS TO THE LOUISIANA TAX COMMISSION**

Given its authority to issue rules and regulations setting minimum standards of assessment and appraisal performance, the Louisiana Tax Commission (LTC) has an important role to play in addressing many of the problems identified in this report. BGR recommends that the commission address the following issues:

#### **Exemption Procedures**

21. As a precursor to legislative action, the LTC should develop and furnish assessors with materials outlining key eligibility criteria to consider when evaluating exemption applications.
22. Standardize an exemption classification system for use by all assessors so that exemptions track the classification system in the constitution.
23. Develop and require the use of standardized exemption application forms. (See Appendix D in the full report for recommended forms.)
24. Systematically audit exempt property. Under current practice, the LTC only examines non-exempt property. Once an exemption is granted, it is not scrutinized by state oversight authorities.

## **Assessment Administration and Practices**

25. Require assessors to conduct local, in-house ratio studies and develop standard sample size, sampling technique, and data screening guidelines for assessors.
26. Prohibit assessors from sales chasing, which is adjusting the assessed value of a property upon notification of the sale of that property. Although sales chasing is already officially discouraged, the evidence suggests that this practice is widespread. LTC regulations should require that actual sales data be used to update valuations of all properties in the affected market area.
27. Undertake a rigorous review of the sampling methodology underlying LTC sales-ratio studies. BGR's analysis of recent residential sales-ratio studies for Orleans Parish suggests significant sampling deficiencies that make assessments look more accurate than they really are. (See Appendix F in the full report for more details.)

## **RECOMMENDATIONS TO THE STATE LEGISLATURE**

While there are significant opportunities for improvement within the constraints of existing law, it is clear that the treatment of exemptions in the Louisiana Constitution is fundamentally flawed. Once a parcel satisfies an exempt organization ownership test, the constitution does not require the exempt property to be used for an exempt purpose. The absence of statutory clarification worsens the problem. (The full report provides examples of statutes from other states where many of the recommendations below are already in practice.)

### **Recommendations on General State-level Improvements**

28. Overhaul constitutional and statutory provisions governing exemptions and property taxation per se. There is an urgent need for the constitution to define in detail the public service activities the state would like its political subdivisions to subsidize. Statutory guidance is needed to address the low levels of specificity in existing law, and to address the existing

incentives for over- or under-assessment patterns as identified in BGR's 1988 report.

29. Focus on property use, not simply on the legal status of an organization applying for an exemption. Nonprofit status should be viewed as a necessary but insufficient eligibility criterion.
30. Consider instituting what this report terms statutory out-sourcing as an effective alternative to the current approach of poorly defined exempt purposes. Statutory out-sourcing allows a government to spell out in detail the burdens it would like the nonprofit sector to relieve in exchange for the benefit of a tax exemption.
31. Enhance local governmental control by allowing voters at the parish-level the discretion to opt in or out of certain exemptions to enable local communities to adapt their tax structure to local needs.
32. Allow any taxpayer or tax recipient body to apply for revocation of an exemption that does not satisfy exemption eligibility criteria.
33. Use approaches other than the homestead exemption to achieve and maintain higher rates of homeownership.
34. Treat the City of New Orleans like every other municipality in the state and eliminate the applicability of the homestead exemption to municipal property taxes.

### **Recommendations on Specific State-level Constitutional and Legislative Improvements**

35. Require that all property classifications be assessed at full market value. Studies show that jurisdictions that assess at full market value tend to value property more accurately and equitably.
36. If different classes of property are to bear a greater share of the tax burden, as is currently the case for commercial and public utility property, then classification by different tax rates or adjustment factors is preferable to using different assessment ratios.

37. Institute mandatory educational requirements for assessors and deputy assessors, commensurate with state certification requirements for private sector single property appraisers, preferably to IAAO standards.
38. Increase penalties for organizations that fail to notify local assessors of organizational changes that might affect exemption eligibility.
39. Require periodic statewide reappraisals of exempt property so that the value of subsidies by exemption can be clear to the public and decision-makers.
40. Provide an impartial assessment appeals system by changing the composition of the Board of Review to conform with IAAO standards, including the elimination of elected official positions on Boards of Review.
41. Require assessment notices to inform taxpayers of the net impact of exemptions on their tax bill, i.e., call attention to what their tax liability would amount to without exemptions.

### **Recommendations Regarding Specific Exemptions**

42. **Religious:** Limit exemptions to property used in conjunction with public worship. Wholesale exemption of religious property undermines public accountability. Specifically:
  - ♦ Develop clear guidelines as to what constitutes a religious organization.
  - ♦ Limit exemption to property reasonably needed for public worship purposes, e.g., one parsonage occupied by an officiating member of the clergy in the immediate vicinity of a church, synagogue, mosque, etc. Other property owned by religious organizations should be considered for exemption under the appropriate functional categories in the constitution such as charitable health, welfare, and education.
  - ♦ Calculate partial exemptions whenever a religious organization is generating non-related income from property, such as earnings resulting from the sale of parking contracts, etc.

43. **Charitable:** The charitable exemption is a linchpin exemption. The exemption should result in a commensurate increase in the supply of a given public service, and should be restructured along the following lines:
- ♦ Focus on services provided, rather than organizational status.
  - ♦ Base exemptions on the actual ability of an organization to deliver specified services.
  - ♦ Require that salary and fee structures (when services are not provided free of charge) are reasonable relative to the private sector.
44. **Health:** Currently, property owned by virtually all nonprofit health-care providers and hospitals is exempt. BGR's research of national practice shows that exemptions for healthcare providers can be targeted to achieve fairly specific purposes:
- ♦ Limit eligibility to healthcare providers that furnish indigent individuals with unreimbursed services, or that otherwise provide specific public service.
  - ♦ Exempt only property actually used to provide services.
  - ♦ Use partial exemptions; net out of an exemption an organization's for-profit or commercial components, e.g., exclude from exemption portions of otherwise exempt hospital property rented to private medical professionals and pharmacies.
45. **Fraternal:** Emphasize the public or charitable aspects of these private social clubs:
- ♦ Require clear evidence of a charitable mission.
  - ♦ Engage in proportional valuation to exclude income generating property such as ballrooms and meeting rooms rented to the general public.
  - ♦ Require the availability of charitable services to be widely advertised to the public and require that services may not be limited only to individuals associated with the organization.

46. **Educational:** Statutory guidance is needed to cope with the sheer diversity of educational institutions:

- ♦ Limit the exemption to property actually used by schools and colleges.
- ♦ Use partial exemptions to net out for-profit or commercial uses.
- ♦ Consider limiting the exemption to nonprofit schools that provide need-based financial aid or scholarships.

47. **Cultural/Mardi Gras/Civic:** Adopt reasonable definitions of cultural, carnival, and civic activities that capture the public benefit aspects of these functions. Also, require applicants to demonstrate that the actual use of their property complies with the definitions; an exemption should not be based merely on organizational status.

48. **Labor Organizations, Nonprofit Trade/Travel/Commerce**

**Organizations, and Professional/Industry Associations:** Current provisions are so broad that they cannot guarantee the achievement of clear and commensurate quid pro quo outcomes. Property owned by these organizations can only be considered a bona fide candidate for public subsidization under certain conditions.

- ♦ Labor Organizations: Permit labor organizations to exempt property only if it is used for charitable or educational purposes.
- ♦ Nonprofit Trade/Travel/Commerce Organizations: Limit exemptions only to organizations providing general and free services to local businesses.
- ♦ Professional/Industry Associations: Allow exemptions only in circumstances in which an association provides charitable, educational, or public services to the general public.



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This publication summarizes a major research project. The full report is a lengthy work that provides the analytical detail and source documentation underlying this summary. It is available on BGR's website, [www.bgr.org](http://www.bgr.org). Copies of the full report may also be obtained by emailing [research@bgr.org](mailto:research@bgr.org), or by calling 504/525-4152. Copies are free to BGR members, and are distributed at cost to others.