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# Acknowledgments

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The Bureau of Governmental Research gratefully acknowledges the financial support of the New Orleans Business Council and its Chairman, Erik F. Johnsen, in the preparation and publication of this report.

BGR greatly appreciates the assistance and cooperation of the Orleans Parish Assessors, who contributed generously of their time and insight: Patricia A. Johnson, Claude T. Mauberret, Erroll G. Williams, Ronald G. Burke, Thomas L. Arnold, Janyce D. Degan, and Henry F. Heaton.

Assessor Burke, as President of the Board of Assessors, and Assessor Williams, as immediate past president, were particularly helpful, as were Assessors Degan and Arnold in responding promptly and cooperatively to repeated requests for information.

Special thanks are also due to Richard Brune, Chief of the Treasury Bureau of the City of New Orleans, for his knowledge and willingness to share it; to Walter O'Brien of the Revenue Division for the patient provision of technical information; and to Suzanne N. Mague, Director of the New Orleans City Council Fiscal Services Department, for her invaluable perspective.

BGR also appreciates the assistance and cooperation of members of the Louisiana Tax Commission: Malcolm B. Price, Jr., Chairman; and members Kenneth P. Naquin, Jr., and Russell Gaspard.

In addition, Glenn Thompson, Tax Commission Director; Ed Leffel, Tax Commission Specialist; and Warren Merrihew, Supervisor of the New Orleans Office of the Tax Commission, were especially helpful, as was Ann Lawrence, then-Executive Secretary of the Commission. Paul Adams, Director of the state Department of Economic Development, also provided assistance.

Basil Scalise, President of the Louisiana Assessors Association, and Michael V. Wooden, a past president of the association, provided generously of their time and experience.

Service long past the call of duty was provided by former Tax Commission Chairman Mary K. Zervigon, former commission Member and Orleans Parish Assessor James W. Smith, former commission attorney Robert H. Abbott III, and former Orleans Parish Assessor Ken Carter.

Finally, we appreciate the assistance of C. B. Forgetston, Jr., attorney and former legislative staff member; Robert Clatanoff, Assistant Director of Research and Technical Assistance and Bibliographer for the International Association of Assessing Officers (IAAO); and Ty Keller, Senior Research Associate at the Public Affairs Research Council (PAR).



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# Executive Summary

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In Orleans Parish, a staggering 65 percent of the assessed value<sup>1</sup> of all real estate is exempt from property taxation. An overwhelming \$265.3 million in tax revenues is currently lost to local governments in Orleans Parish because of exemptions from realty property tax.

Why? Because the Louisiana Constitution grants exemptions from realty property taxation for, among other properties:

- homesteads for up to \$7,500 of assessed value
- property owned by nonprofit religious organizations and used for religious or educational purposes
- dedicated places of burial
- property owned by nonprofit health, welfare, fraternal and educational organizations and used for those purposes
- all public land and other publicly-owned property used for public purposes
- property of labor organizations
- property leased to nonprofits for the purpose of providing housing for the homeless
- property of charitable and fraternal lodges or clubs
- property of nonprofits promoting trade, travel, and commerce
- property used for nonprofit cultural, Mardi Gras carnival, or civic activities
- new or additions to existing manufacturing establishments
- increased value of restored property in a downtown, historic, or economic development district

## Purpose of This Study

The purpose of this study is to review the constitutional exemptions and the way they are administered. What is the cost of the exemptions and the fiscal impact on the City of New Orleans and other taxing bodies? How do Louisiana's exemptions compare with those of other states? What programs or policies have been implemented elsewhere to lessen the impact of such exemptions? Should any of the exemptions be eliminated?

Our underlying concern is the city's tax base, its capacity to generate revenues for needed public functions, and its fairness. Many factors have contributed to the decline of the city's tax base, one of which is the structure of the state property tax system, with its many—and increasing—exemptions granted in the Constitution. One of the effects of the exemption-riddled tax structure is that the remaining taxpayers must pay more for the same, or even a declining, level of services. This situation increases the resistance of taxpayers to pay when their presence and payments are needed most.

## Focus of the Study

This study focuses on the "other" real property exemptions besides the homestead exemption and the manufacturing establishment exemption. Much of the study's attention is directed toward the exemptions for nonprofit and charitable organizations. This particular focus was selected because (1) it was thought that nonprofits would account for the largest number and value of exemptions and that their "share" would continue to increase, and (2) a growing debate is occurring at the national level on the appropriateness of tax relief for nonprofits, since they have become one of the largest property owners in many major and capital cities.

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<sup>1</sup>Assessed value is a percentage of the appraised value. All land and residential improvements are required by the Louisiana Constitution to be assessed at 10 percent of appraised value; other property, including that of electric cooperatives, at 15 percent; and the property of public service companies (except land), at 25 percent.

## Major Findings

The tax-exempt portion of all real estate in New Orleans has an assessed value of a staggering \$1.6 billion, or 65 percent of the total assessed value of \$2.5 billion. Of the \$1.6 billion worth that is tax-exempt, 43 percent (about \$714 million) is publicly owned and 57 percent (about \$950 million) is privately owned. The privately-owned portion is comprised of about \$448 million covered by the homestead exemption and over \$500 million exempt for other reasons.

Nearly 60 percent of all property exempt for reasons other than the homestead exemption is publicly owned. Of the approximately 40 percent covered by the "other" exemptions, nearly 20 percent is exempt for religious or church-related social service and educational purposes; nearly ten percent is for Tulane University, for educational, hospital, or special constitutional exemption reasons; and nearly seven percent is for other privately-owned hospitals.

If there were **no** exemptions from the ad valorem tax on real estate, local governments in Orleans Parish would receive an additional \$218.7 million in revenues in 1996, added to the current \$142.8 million, for a total of \$361.5 million. If there were no exemptions on **privately-owned** real estate, local governments would receive an additional \$122.8 million, for a total of \$265.6 million rather than the current \$142.8 million. While \$55.4 million in revenues is lost to the City, School Board, and Sewerage and Water Board in 1996 due to the homestead exemption, \$67.4 million is lost due to exemptions for "other" (non-homestead) privately-owned properties.

If **all** real property were taxable, the current millage rate could be reduced from 161.34 mills to approximately 56 mills and still generate the current amount of revenues. If all **privately-owned** real estate were taxable, the millage rate could be reduced to just under 78 mills for 1996 and still generate the same revenues.

## Conclusions

- (1) The current system of administration of assessment of property for purposes of taxation is inadequate to ensure compliance with the constitutional provisions providing for exemptions from realty property tax.
- (2) The use of property owned by nonprofit organizations is not reliably scrutinized, classified, and documented on the local or state level, resulting in instances of improper, or certainly questionable, application of exemptions.
- (3) BGR does not at this time recommend any additional exemptions for elimination, because: (1) until administration of the application of the exemptions is improved, the costs and benefits of the various categories of exemptions cannot be fairly evaluated; and (2) while we have some idea of the revenue impact in Orleans Parish of eliminating various exemptions, we have no idea of the impact in the rest of the state.
- (4) Despite the efforts of a number of cities and states to deal with the growing number of tax-exempt properties in their jurisdictions, particularly properties owned by nonprofit organizations, BGR was unable to identify a program or approach that we would recommend as a model for implementation in New Orleans.

## Recommendations

- **No additional exemptions**
- **Extensive improvements in administration of property assessment**
- **Strict interpretation of existing exemptions**
- **Once the improved system of administration of assessment is in place, review of all exemptions on an exemption-by-exemption basis for the purpose of possible elimination of exemptions**
- **Continuation of support for elimination or reduction of homestead exemption and accompanying reduction of sales tax**

BGR recognizes that full implementation of the second, third, and fourth recommendations will require the expenditure of additional resources of time and money not presently available to the Orleans Parish assessors or the Tax Commission (for example, computer hardware, software, and trained staff, and funds for publication of the rolls of exempt properties). The Orleans Parish assessors have estimated their needs at an additional \$700,000 for the first year and \$500,000 per year thereafter.

### **(1) No additional exemptions**

BGR recommends that no additional exemptions be enacted by the Legislature or approved by voters until the administration and enforcement of all existing exemptions is improved and the costs of all current exemptions are carefully documented and reviewed by the Louisiana Tax Commission and the Louisiana Legislature.

BGR further recommends continuation of the constitutional status of exemptions from realty property taxation. The biennial ritual of the Legislature dealing with scores of proposed exemptions to state and local sales taxes is ample evidence of the need to maintain property tax exemptions in the constitutional framework.

### **(2) Extensive improvements in administration of property assessment**

#### **By the Legislature**

BGR recommends that the Legislature:

- authorize the Louisiana Tax Commission to require immediate certification of eligibility for all exemptions from realty property taxation and recertification thereafter on a regular basis.
- authorize the Tax Commission to levy filing fees as necessary to implement this certification process.
- enact stronger penalty provisions for the filing of false information with assessors.

#### **By the Louisiana Tax Commission**

BGR recommends that the Louisiana Tax Commission take the lead in implementing a statewide system to determine the number and value of all exempt properties. At a minimum, the Tax Commission should:

- adopt rules and regulations for eligibility for all exemptions from realty property taxation
- adopt and require the use of application and certification forms for all realty property tax exemptions
- require regular recertification of eligibility for exemptions from all realty property taxation
- develop, adopt, and require use of a uniform, computerized reporting system by assessors

#### **By the Orleans Parish Board of Assessors**

BGR recommends that the Board of Assessors of Orleans Parish publish annually a list of properties exempt from realty property taxation, showing the name of the owner, the location of the property, the size and value of the property, and the resulting impact on the tax bills of those owners who do pay property taxes.

BGR further recommends that the assessors for Orleans Parish work collectively as a board to improve the data collected on tax exempt properties. At a minimum, the Board should:

- require individual assessors to apply the existing codes for exemptions uniformly and to develop guidelines for their use as necessary
- require that the codes used by assessors carry a reference to the pertinent section of the Constitution

## **By individual assessors**

BGR recommends that individual assessors conduct careful review of all requests for exemption from realty property taxation and apply a strict interpretation of the constitutional provisions. Even in the interim before the rules, regulations, and guidelines recommended above are developed and implemented by the Tax Commission, assessors should:

- require written documentation from property owners seeking exemptions from realty property taxation
- conduct on-site inspection to determine the actual use of property for which exemption is sought
- conduct regular and periodic reviews of tax-exempt status to ensure that property owners fully comply with both the ownership and use requirements for such status
- make sure that all records for exempt properties carry a reference to the pertinent section of the Constitution

## **By local governments that use property taxes**

BGR recommends that all local governments that levy property taxes in Orleans Parish pay much more careful attention to assessments and the assessment process in all respects, because all such bodies depend for revenues on the assessment process and its reliability and integrity.

Specifically, all local governments that levy property taxes in Orleans Parish should:

- pay much more attention to the proceedings of the New Orleans City Council as the Board of Review for the tax rolls, because all such recipient bodies have a stake in the outcome of these proceedings
- be aware that they have a direct financial interest in the outcome of legal challenges to strict application of the law by assessors

In addition, a thorough review is needed of the restoration tax abatement. This review should examine the terms and conditions for the local approval of restoration tax abatements and the impact of these abatements on the local economy and local governments that depend on property taxes.

### **(3) Strict interpretation of existing exemptions**

BGR recommends strict interpretation of the existing exemptions and eligibility for them. As stated earlier, we anticipate that strict interpretation and vigorous enforcement of the existing constitutional requirements regarding **actual use** of property would uncover and eliminate the improper granting of exemptions to properties not truly eligible, such as property used for nonprofit commercial and investment activity, including the ownership of vacant land and unoccupied real estate.

### **(4) Review of each and every exemption once an improved system of assessment is in place**

BGR recommends that once the improved system of administration of assessment is in place, the Legislature, with the advice of the Louisiana Tax Commission and local governments, should review all exemptions on an exemption-by-exemption basis for the purpose of possible elimination of exemptions.

### **(5) Continuation of support for the elimination or reduction of the homestead exemption and accompanying reduction of the sales tax**

BGR has for nearly 20 years supported elimination or reduction of the homestead exemption and an accompanying reduction in sales tax, in order to create a less regressive tax structure for the state. Pending the exemption-by-exemption review recommended in (4), BGR stands by its prior recommendations in this area.



# Introduction

The Louisiana Constitution provides that all real property is subject to ad valorem taxation (taxation according to its value) **unless specially exempted by the Constitution**. The list of constitutional exemptions from property taxation is long and continues to grow, as new exemptions are approved by the voters. The list includes, for example, exemptions for:

- up to \$7,500 of assessed value of homesteads
- property owned by nonprofit religious organizations and used for religious or educational purposes
- dedicated places of burial
- property owned by nonprofit health, welfare, fraternal and educational organizations and used for those purposes
- public lands and other property used for public purposes
- property of labor organizations
- property leased to nonprofit for the purpose of providing housing for the homeless
- property of charitable and fraternal lodges or clubs
- property of nonprofit promoting trade, travel and commerce
- property used for nonprofit cultural, Mardi Gras carnival, or civic activities
- new or additions to existing manufacturing establishments

The purpose of this study is to review these exemptions from realty property taxation and the way they are administered. What is the cost of the exemptions and the fiscal impact on the City of New Orleans and other taxing bodies? How do Louisiana's exemptions compare with those of other states? What programs or policies exist elsewhere to lessen the impact of such exemptions? Should any of them be eliminated?

This review of exemptions from realty property taxation was prompted largely by growing concern over the steady erosion of the city's tax base. The City of New Orleans, like many historic, central cities, has seen its tax base shrink as people and businesses have left for the suburbs. The continued out-migration, when combined with reductions in federal and state aid and the spiraling cost of providing social and health services for the poorer, older population left in the inner-city, has left New Orleans in a precarious fiscal condition. The city has faced a declining realty property tax base since 1989 — or longer, if the effects of inflation are considered.

This review was also prompted by increasing attention on the national scene to tax exemptions for nonprofit, but not necessarily charitable or public-benefit, organizations. The impact of the nonprofit sector on the national and various local economies began to receive heightened

scrutiny during the 1970's, particularly with changes in the financing of health care. That scrutiny has led to more, and more intense, questioning of the legitimacy of various exemptions for nonprofit organizations, especially for commercial nonprofits in contrast with traditional charities.

One of only five states that establish all their realty property tax exemptions in the state Constitution, Louisiana expanded its list of such exemptions in the 1974 Constitution. Louisiana voters have since then approved five constitutional amendments expanding the list of properties eligible for exemption.

The various exemptions granted in the Constitution make 65 percent of the city's assessed real estate value exempt from taxation (see Figure 1). Of a total assessed real estate value of \$2.5 billion, nearly \$1.7 billion is exempt from taxation, in the following major categories:

Publicly-owned property	\$ 713,900,000
Privately-owned property	949,731,776
Homestead exempt	\$448,231,776
Other exempt	\$501,500,000
<b>TOTAL EXEMPT</b>	<b>\$1,663,631,776</b>

## Is it fair?

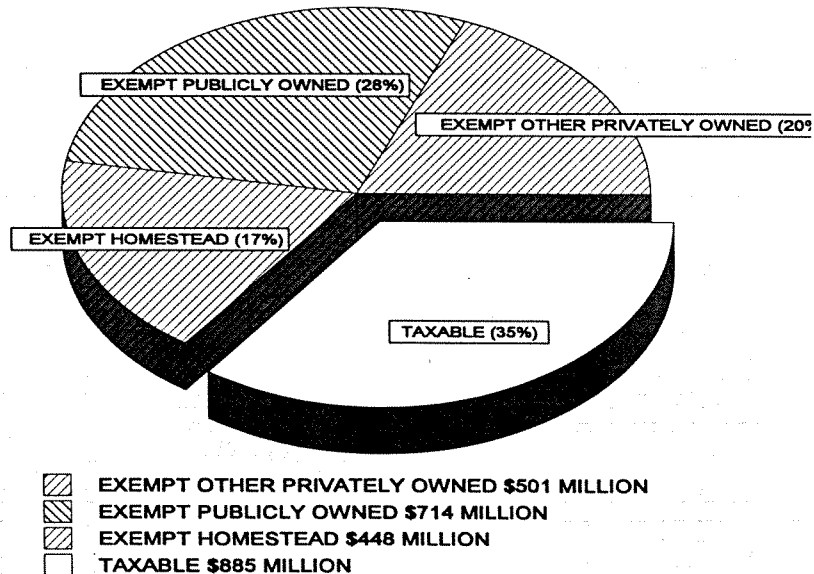
One of the effects of exemption-riddled tax structure is that the remaining taxpayers must pay more for the same, or even a declining, level of services. Such an intensifying property tax burden for some categories of taxpayers and not for others gives rise increasingly to some basic questions: Is the tax structure fair? Is it becoming less or more fair? If it is becoming less fair, what, if anything can be done to change direction—or at least shift gears and reduce speed?

## Prior research

Much research has already been done to help answer these questions in Louisiana. This study relies on and does not repeat that research. The most recent comprehensive analysis of the state's entire tax structure was the LSU/CABL (Louisiana State University/Council for a Better Louisiana) evaluation conducted between 1985 and 1987 and published in 1988 as *Louisiana's Fiscal Alternatives* (James A. Richardson, ed.). Despite concentrated efforts at state fiscal reform in 1988 and 1989, this fundamental structure has not changed since the LSU/CABL study, except for the legalization of various forms of gambling.

Figure 1

Assessed Value of All Real Estate  
Orleans Parish, 1996  
Total \$2.5 Billion



NOTE: Does not include public service company real estate.

SOURCE: Louisiana Tax Commission, Orleans Parish Assessors, and BGR calculations.

The Bureau of Governmental Research (BGR) has since its inception analyzed and made recommendations on the state and local New Orleans tax structure, while the Public Affairs Research Council of Louisiana (PAR) has for years studied and recommended changes to make the state's tax system fairer and less regressive.

Two of the major exemptions in the Constitution, the homestead exemption and manufacturing establishment (or "industrial") exemption, have been studied and recommended upon for decades. BGR and PAR have repeatedly recommended broadening the property tax base by changing the system of residential property tax relief from relief to all homeowners, to relief based on certain specified conditions, commonly referred to as a "circuit breaker." In 1994, 35 other states had some form of circuit breaker program in effect.

The final report of SECURE (the Select Council on Revenues and Expenditures in Louisiana's Future), issued in April 1995, recommended phasing down the

homestead exemption and phasing out the manufacturing establishment exemption.

What has not received much public attention over the years is the subject of real property tax exemptions other than the homestead and manufacturing establishment exemptions. This BGR study focuses on these "other" real property tax exemptions. It is based on review and analysis of pertinent Louisiana law and Orleans Parish tax assessment records, research on tax exemptions outside Louisiana, and interviews with elected and other officials and recognized academic and public policy experts.

Chapter 1 describes the problem posed by realty property tax exemptions in New Orleans, Chapter 2 describes current Louisiana law and practice regarding realty property tax exemptions, Chapter 3 discusses alternative approaches for realizing revenue from tax-exempt properties, and Chapter 4 makes a number of recommendations for dealing with tax-exempt properties in New Orleans.

# 1: The Extent of the Problem

The very structure of Louisiana's tax system, of the state's state-local fiscal relations, and of the tax base in the City/Parish of (New) Orleans have all contributed to erosion of the property tax base in New Orleans. The state's property tax structure is highly centralized, with exemptions and rate limitations spelled out at the state level. (Richardson, 1988)

This legal structure makes local governments highly competitive with each other for making use of their limited taxing powers and, at the same time, highly dependent on the state for grants of authority to exceed the state-established limits (League of Women Voters of Louisiana, 1985).

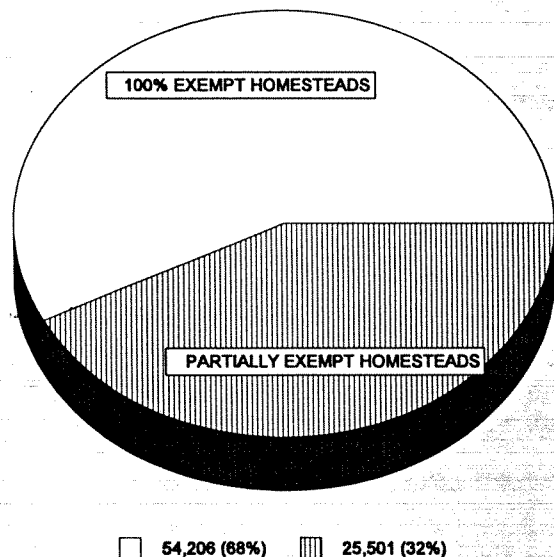
exemption. A constitutional amendment to allow New Orleans to levy municipal taxes not subject to the homestead exemption failed to receive approval by the voters in 1982; it was approved by voters statewide but not in New Orleans. An amendment allowing New Orleans to levy a millage for purposes of police and fire protection, not subject to the homestead exemption, was approved in 1990.

Louisiana's tax structure is highly regressive, with high rates of sales taxes that weigh more heavily on people with lower incomes (because they spend more of their income purchasing items subject to sales taxes). Property taxes, while becoming decreasingly popular throughout the nation, have never been utilized in Louisiana to the extent they have been relied on elsewhere to fund state and local government. In Fiscal Year 1991, property tax revenue represented only 41 percent of all tax revenue for local governments in Louisiana, while it was an average of 75 percent of total tax revenue for local governments across the nation. (1992 Census of Governments)

Of the property taxes that have been paid, business and industry have historically paid disproportionately more than homeowners in Louisiana, despite the fact that many demands on local government are related to one's residence. Business and industry also pay more taxes in Louisiana than do their counterparts in other southern states (PAR, 1994).

**Figure 2**

**Number of Homestead Exemptions  
Orleans Parish, 1996  
Total 79,527**



Source: Louisiana Tax Commission, *Twenty-Seventh Biennial Report*, Table No. 44, p. 142.

## Homestead Exemptions

The value of the homestead exemption has been increased over the past twenty years, from a basic \$2000 in 1976 (the same amount it had been since 1918) to \$7500 in 1996. Besides being increased in value, the homestead exemption has also been expanded in recent years to cover homeowners who do not own their "homesteads," that is, the land on which their homes are situated. The exemption was further expanded effective in 1991 to cover residential property leased to non-profit organizations for providing housing for homeless persons.

In Orleans Parish, of the 79,527 owner-occupied homes that have a homestead exemption, 68 percent are completely covered by the homestead exemption and 32 percent are partially exempt from taxation due to the homestead exemption. (See Figure 2.) The homestead exemption, it should be remembered, does not apply to the ten mills for police and fire protection approved in 1990.

In addition, for purposes of general municipal taxation, the City of New Orleans is not treated like the other cities in the state, but like a parish, unable to levy general city taxes not subject to the homestead

In 1986, the homestead exemption protected from taxation 22 percent of the assessed value of all taxable property. By 1996, that proportion had risen to 29 percent (without adjusting for the millage dedicated to police and fire and not covered by the homestead exemption).

### Manufacturing Establishment Exemptions

Contracts that provide for manufacturing establishment exemptions are approved by the state Board of Commerce and Industry. In Orleans Parish, the total "contract amount" of manufacturing expansion covered by the exemption was almost \$226 million in 1986, dropped to a low of about \$126 million in 1993, and then rose to \$159 million in 1996. BGR has conservatively estimated the assessed value of the property covered by the contracts to be \$2,385,614 for 1996.

### Other exemptions

What part do the "other" exemptions, besides the homestead exemption and manufacturing establishment exemption, play in restricting the local tax base? The "other" exemptions represent about \$1.2 billion (48 percent) of the \$2.5 billion total assessed valuation of all real property in Orleans Parish. They represent 73 percent of the total assessed value of all exempt real property.

### Cost of the exemptions to local governments

The cost of the various exemptions from realty property tax is significant. Based on the current millage rate of 161.34, all taxing authorities in Orleans Parish are expected to receive approximately \$142.8 in realty property taxes (not including revenues from personal property tax or tax on public service property) for 1996. Figure 3 shows composition of the parish-wide millage rate.

Table A shows the amount of additional revenues these authorities could receive if there were fewer exemptions from realty property taxation. If there were no exemptions from the ad valorem tax on real property and the millage rates stayed the same, local governments in New Orleans would receive an additional \$ 218.7 million in property tax in 1996, or a total of \$361.5 million.

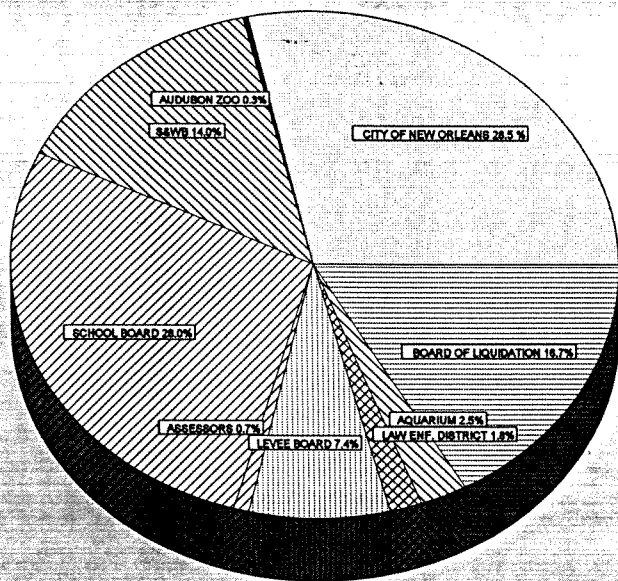
If there were **no exemptions on privately-owned real estate** and the millage rates stayed the same, local governments in New Orleans would receive an additional \$ 122.8 million. If there were **no homestead exemption**, local governments would receive an additional \$ 55.4 million in 1996.

### Cost of the exemptions to current taxpayers

If all real property were taxable, the millage level in Orleans Parish could be reduced from the current 161.34 mills to approximately 55 mills and still generate the current property tax revenues of (\$142.8 million for 1996). If all **privately-owned** real estate were taxable, the millage rate could be reduced to 78 mills for 1996 and still generate the same revenues. If there were no homestead exemption, 107.07 mills would generate the same revenue as the current 161.34 mills.

Figure 3

Percentage of Total Parish-wide Millage Rate by Tax Authority Orleans Parish, 1996  
Total 161.34 mills



SOURCE: City of New Orleans Chief Administrative Officer

**Table A**

**Realty Property Tax Revenues Produced if Exempt Real Estate were Taxable  
Orleans Parish, Based on 1996 Millage**

<b>Taxing Authority</b>	<b>No. of Mills</b>	<b>Percent of Total 1996</b>	<b>Hypothetical All Exempt Real Estate Taxable<sup>1</sup> (millions)</b>	<b>Hypothetical All Privately-Owned R.E. Taxable<sup>2</sup> (millions)</b>	<b>Hypothetical No Homestead Exemption<sup>3</sup> (millions)</b>
City of New Orleans	46.00	28.5	\$ 71.8 <sup>4</sup>	\$ 39.0 <sup>4</sup>	\$ 15.9 <sup>4</sup>
Orleans Parish School Board	45.10	28.0	75.0	42.8	20.2
Board of Liquidation, City Debt	26.90	16.7	NA <sup>5</sup>	<sup>5</sup>	NA <sup>5</sup>
Sewerage & Water Board	22.59	14.0	37.6	21.4	10.1
Orleans Levee Board	12.01	7.4	19.9	11.4	5.4
Aquarium	4.11	2.5	6.8	3.9	1.8
Orleans Law Enforcement District (Criminal Sheriff)	3.00	1.8	5.0	2.8	1.3
Assessors	1.19	.7	1.9	1.1	.5
Audubon Park Zoo	<u>.44</u>	<u>0.3</u>	<u>.7</u>	<u>.4</u>	<u>.2</u>
<b>Total</b>	<b>161.34</b>	<b>100.00</b>	<b>\$ 218.7</b>	<b>\$ 122.8</b>	<b>\$ 55.4</b>

Note: All hypothetical yields are high, because they assume 100 percent collection of tax in the year levied.

- <sup>1</sup> Millage applied to \$1,663,631,776, BGR calculation of assessed value of all exempt real estate.
- <sup>2</sup> Millage applied to \$949,731,776, BGR calculation of assessed value of all privately-owned exempt real estate.
- <sup>3</sup> Millage applied to \$448,231,776, assessed value of homestead exemptions according to Louisiana Tax Commission biennial report.
- <sup>4</sup> New police and fire millage (10.47 mills in 1996) is not subject to homestead exemption, so increase in revenues results from application of 35.53 mills only.
- <sup>5</sup> Board of Liquidation receives millage only as required to meet obligations of city debt service, so no additional revenues would be received by this board.

## 2: Louisiana Law and Practice

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### THE LAW

According to the Louisiana Constitution, only homesteads as provided for in Article VII, Section 20 and the types of property listed in Article VII, Section 21 of the Constitution itself are exempt from ad valorem taxation, or taxation "according to value." In addition, Article VIII, Section 14 gives a special exemption to Tulane University, for \$5 million worth of property not otherwise exempt.

Table B shows all of the exemptions from realty property tax granted in Article VII, Sections 20 and 21 of the Constitution.

#### Homestead exemption

The homestead exemption was first granted in Louisiana in 1918 as a veterans benefit. It was extended to other homestead owners in the 1921 Constitution. It provided that a "bona fide homestead" consisting of a tract of land, with a residence, not exceeding 160 acres, would be exempt from taxation if its assessed value did not exceed \$2,000 (\$5,000 for veterans and persons over 65). At that time, the Constitution called for assessment of property at "full value."

In the 1974 Constitution, the homestead exemption was raised to \$3,000 (\$5,000 for veterans and persons over 65) of assessed value; and assessment of residential property was to be at a rate of ten percent of "market value." The \$3,000 exemption meant that the first \$30,000 of the value of an owner-occupied tract of land with residence would be exempt from property taxation.

The 1921 Constitution also provided that a surviving spouse and minor children who continued to occupy a homestead formerly eligible for the homestead exemption would continue to be eligible for it. The 1974 Constitution authorized the legislature to increase the basic exemption for all owner-occupants to \$5,000; and the legislature voted to do so effective in 1978.

In 1980, the Constitution was amended raising the homestead exemption to \$7,500 of assessed value, making the first \$75,000 of value of an owner-occupied homestead exempt from taxation. Numerous legislative attempts have been made since that time to reduce the amount of the exemption, at least for taxes for public education; but none has succeeded.

An attempt was also made to allow New Orleans to collect its general municipal millage not subject to the homestead exemption. A constitutional amendment to that effect was in 1982 approved by voters statewide but not in Orleans Parish, so failed to take effect.

In 1993, the homestead exemption was broadened to include homeowners who do not own the underlying land. This amendment was in response to a Louisiana Supreme Court decision in 1992 in the case of **One River Place Condominium v. Mitchell**, in which the Court had ruled that because appellants did not own the land beneath the condominium complex, they did not own a "tract of land" as required by Constitution so were not eligible for a homestead exemption.

#### Bond for Deed

The Legislature also attempted in 1993 and again in 1995 to extend the homestead exemption to buyers of property under a bond for deed. A bond for deed transaction is defined as a contract to sell property in which the purchase price is paid by the buyer in installments and in which the seller after payment of a specified sum agrees to deliver the title to the buyer.

The Louisiana Supreme Court in **Wooden v. Tax Commission** invalidated R.S. 2948 (passed in 1993), which granted a homestead exemption to bond for deed buyers. The Court held that the statute violated the constitutional provision limiting the homestead exemption to those who both owned and occupied the land.

The Legislature then in 1995 enacted R.S. 9:2949, making the buyer and occupant of a residence under a bond for deed contract the owner for purposes of the homestead exemption. The Legislature failed, however, to pass a constitutional amendment adding bond for deed properties to the list of properties exempt from ad valorem taxation; and a constitutional amendment to that effect failed to pass in the regular 1996 session.

#### Manufacturing establishment exemption

Provided for in the 1921 Constitution, this partial exemption is granted for new manufacturing establishments and additions to existing manufacturing plants under contracts with the Board of Commerce and Industry and approved by the governor. The exemption covers new or additions to buildings and equipment, but not the land. It is granted for an initial term of five years and it may be—and almost always is—renewed for an additional five years.

## Table B

### Exemptions From Realty Property Tax In Louisiana

All granted under Article 7, ss 20 and 21 of the Louisiana Constitution of 1974, as amended  
See also Article 8, Section 14 for special exemption for Tulane University

HOMESTEAD		ARTICLE VII, SECTION 20	
<b>Homeowners</b>	<b>Section 20 (A)</b>	Exemption from taxation on specified portion of assessed valuation, currently \$7500. For changes in dollar value, see text.	
<b>Owner-occupied land with residence</b>			<b>ss 20(A)(1)</b>
<b>Owner-occupied residence without land (includes condominium, mobile home)</b>			<b>ss 20(A)(1)</b>
<b>Surviving spouse, minor child/children occupants</b>			<b>ss 20(A)(2)</b>
<b>Residential lessees</b>	<b>Section 20 (B)</b>	Of no practical effect.	
Constitution allows legislature to provide for tax relief to residential lessees in the form of credits or rebates, but legislature has never done so.			
<b>OTHER</b>		<b>ARTICLE VII, SECTIONS 21 (A), (B), (C), (F), (H)</b>	
<b>Public lands and other property used for public purposes</b>			<b>ss 21(A)</b>
<b>The following property</b>			
* if owned by a corporation or association declared exempt from federal or state income tax; and			
* as long as not owned, operated, leased, or used for commercial purposes <u>unrelated to the exempt purposes of the corporation or association:</u>			
<b>nonprofit religious</b>	<b>nonprofit educational</b>	<b>nonprofit fraternal</b>	
<b>nonprofit dedicated places of burial</b>	<b>nonprofit charitable</b>	<b>nonprofit welfare</b>	
		<b>nonprofit health</b>	<b>ss 21(B)(1)(a)</b>
<b>Nonprofit-leased property for housing for homeless persons</b>			<b>ss 21(B)(1)(b)</b>
<b>Bona fide labor organizations</b>			<b>ss 21(B)(2)</b>
<b>Charitable and fraternal lodge or club</b>			<b>ss 21(B)(3)</b>
<b>Nonprofit promoting trade, travel, and commerce</b>			<b>ss 21(B)(3)</b>
<b>Nonprofit trade, business, industry or professional society or association</b>			<b>ss 21(B)(3)</b>
<b>Dedicated places of burial held by individuals</b>			<b>ss 21(C)(10)</b>
<b>Property used for nonprofit cultural, Mardi Gras carnival, or civic activities</b>			<b>ss 21(C)(12)</b>
<b>Rights-of-way granted to the State Department of Highways</b>			<b>ss 21(C)(13)</b>
<b>Manufacturing establishments ("industrial")</b>			
* by contract with Commerce and Industry	*new or additions to	*for five years, with five-year extension	<b>ss 21(F)</b>
<b>Restoration Tax Abatement</b>			
* by contract with Commerce and Industry	*for five years	*with five-year extension	<b>ss 21(H)</b>
<b>Redevelopment corporations</b>			
* for up to 25 years			

Many criticisms have been made of the manufacturing establishment exemptions: (1) that they do not create the expansion of jobs and industry that is their stated purpose, (2) that they cost local governments needed revenues to support whatever economic growth they do stimulate, and (3) that they actually subsidize industries that harm the environment. Repeated attempts, however, to eliminate, phase out, or revise the terms of the exemption have not succeeded. Proponents argue that the exemption is needed as a business incentive as long as the rest of the property tax structure remains the same.

### **Improvements in downtown, historic, and economic development districts**

In 1981, the Constitution was amended to provide property tax incentives for persons making improvements to structures in downtown, historic, or economic development districts. Eligibility for the exemption is granted under rules and regulations adopted by the Board of Commerce and Industry. The exemption "freezes" the assessment for five years at the amount in effect one year before initiation of the improvement. In 1989, the Constitution was amended to allow an extension of the exemption for an additional five years.

### **Other exemptions in Section 21**

The other exemptions from realty property taxes granted in Article VII Section 21 of the Constitution fall into three main groups:

- those given to public lands and other property "used for public purposes" including state highway rights-of-way
- those given to property owned by various nonprofit organizations or used for certain nonprofit activities
- those given to property used for certain other specified purposes

### **Public property**

The 1921 Constitution exempted "all public property" from ad valorem taxation, while the 1974 Constitution exempts public lands and property "used for public purposes." Public ownership of land, however, should not automatically exempt improvements on that land from property taxation unless the improvements were used for public purposes.

### **Owned by nonprofit or used for nonprofit activities**

Under the 1921 Constitution, exempt property could not be used for **any** profit-making activity. Under the 1974 Constitution, however, property owned and used for an otherwise-exempt purpose could be used to generate revenues **if** the actual use of the property related to the exempt purpose of the organization that owned it.

Under the 1974 Constitution, most of the property made exempt from ad valorem taxation for reasons of benefitting the community must, in order to be exempt, meet a three-pronged test:

- (1) it must be owned by a nonprofit corporation or association that carries out specified purposes (religious, burial, charitable, health, welfare, fraternal, or educational);
- (2) it must be owned by a corporation or association declared exempt from federal or state income tax; and
- (3) it may not be owned, operated, leased, or used for commercial purposes **unrelated to the exempt purposes of the corporation or association.**

Five types of property, however, are outside this three-pronged test: property owned by bona fide labor organization representing its members or affiliates in collective bargaining efforts; property owned by a charitable and fraternal lodge or club; property owned by a nonprofit promoting trade, travel, and commerce; property owned by a nonprofit trade, business, industry, or professional society or association; and property used for nonprofit cultural, Mardi Gras carnival, or civic activities.

The provisions for the labor organizations and the nonprofit trade, business, industry or professional society or association were added in the 1974 Constitution. It is unclear whether they were intended as exemptions for mutual benefit associations or as business-related incentives. The exemption for property of a nonprofit promoting trade, travel, and commerce would appear to be more of a business or economic development incentive.

The inclusion of a separate category for property of a "charitable and fraternal lodge or club" allows for the exemption of property that is rented or leased for non-charitable activities (such as the renting of a hall for social activities).

### **Housing for homeless**

In 1989, the Constitution was amended, effective in 1991, to provide that property leased for no more than \$1 a year to a nonprofit organization for use as housing for homeless persons would be exempt from property taxation. This



purpose is similar to those listed in Section 21(B)(2)(b), but the property used as housing for the homeless does not have to be owned by a nonprofit organization as is otherwise required by Section 21(B)(2)(b).

### Tulane's special exemption

Article VIII Section 14 of the Constitution picks up an exemption granted to Tulane University in its 1884 charter, according to which Tulane is granted an exemption from all taxation for all property up to a limit of \$5 million for real estate ". . . not otherwise exempted. . . ."

### THE PRACTICE

All properties with realty tax exemptions other than the homestead exemption and the manufacturing establishment exemption are listed by the assessors statewide on a special listing of **exempt properties**. Because these listings are not subject to taxation, relatively little effort is made, either by assessors throughout the state, or by the Louisiana Tax Commission, to ensure that the assessed values are current and are uniformly arrived at. Resources are directed, instead, to the assessment of properties that produce tax revenues.

The problem with this situation is that policy makers are left without accurate measures of the value of the tax expenditures they make in granting the exemptions. While the exemption of properties owned and used for certain purposes may at one time have been desirable, it is difficult to evaluate whether the exemptions are presently justified when accurate, reliable figures do not exist as to what they cost.

Louisiana does not require regular certification and recertification of properties as eligible for the various constitutional exemptions. In Louisiana generally and also in Orleans Parish, once a property goes on the "exempt rolls," it is likely to stay there—often at the same valuation as originally assigned. Because the Louisiana Tax Commission makes no use of the assessed valuations of exempt properties, it makes no attempt even to require that properties be classified or reported in a uniform way across the state. Nor is the assessment of exempt properties a major concern of the Louisiana Assessors Association, according to its current president.

For example, consider the classification and assessment of a parcel owned by one of the types of nonprofit organizations whose property is potentially exempt from

ad valorem taxation. If the property is not being used—if it is owned as vacant land and not being rented or leased or used in any way—what is its taxable status? That issue is currently before Civil District Court in Orleans Parish in at least two cases involving Tulane University.

The actions of assessors who have challenged the exempt status of properties owned by nonprofit organizations under Article VII, Section 21 of the Constitution have generally been upheld when their challenges were on the basis of the **use**, not the ownership or revenues derived from the properties. The determining factor in eligibility for exemption from property taxation on the basis of its being owned by a nonprofit organization is the **use** to which the property itself is put, not the use to which the revenues generated by the property are put. If property is being used for a purpose that is within the purposes for which the organization was created and is operated, the property is exempt from ad valorem taxation. If the property is being used for some purpose other than that for which the organization was created and is operated, the property is not exempt from property taxation, **regardless of the purpose for which the revenues generated by the property are used.**

In situations, however, in of exempt properties owners have historically benefited from generous interpretations of the provisions for exemptions, and in a state with a legislative climate of expanding, rather than contracting, exemptions, it is difficult for assessors to sustain efforts to administer requirements for exemptions more tightly without strong policy and administrative support from taxing bodies and the Tax Commission.

The International Association of Assessing Officers has adopted policy statements setting forth the responsibilities of all the levels of government involved in the administration and use of property assessment. Neither the state nor local governments in Louisiana, however, fully carry out the responsibilities the IAAO recommends they exercise. Nor do all the elements of the sound, modern assessment system, as identified by the IAAO, exist in Louisiana and Orleans Parish.

The Tax Commission, charged by the Constitution with seeing that assessments for purposes of taxation are performed fairly and uniformly throughout the state, has gone through periods of more and less activism in encouraging and assisting assessors in strict administration and enforcement of the law. Since the Louisiana Legislature repealed the state property tax in 1972, the state government has little direct financial interest in supporting strong and uniform enforcement of laws regarding tax assessments and exemptions.

## WEAKNESSES

BGR's review of the law and practice with regard to realty property tax exemptions other than the homestead exemption and manufacturing establishment indicates problems both with the law itself and with its administration and enforcement.

### In the Constitution Itself

#### Lack of Clarity

Because of the way the exemptions from property taxation are set forth in the Constitution, with real property exemptions mixed in with personal property exemptions, and with exemptions for business incentives mixed in with exemptions for mutual benefit associations and with public charities, eligibility for exemptions can be very confusing.

For example, in order for a fraternal organization to be eligible for an exemption under Section 21(B)(3), it must also be charitable. In order for it to be eligible for an exemption under Section B)(1)(a), it must be nonprofit under federal and state income tax designations. It is possible for a fraternal organization to be nonprofit without being charitable; but for people unacquainted with the broad range of types of nonprofit organizations, this listing of fraternal organizations in two places looks like unnecessary duplication.

As another example, the exemption for property used for cultural, Mardi Gras carnival, and civic purposes does not specify whether it is for real or personal property or both. It appears in the middle of a listing of exemptions from personal property taxation yet has been construed as applying to real property. Does the provision, however, mean that a personal art collection loaned one time to a museum would be exempt from taxation? The amount of tax revenues involved in such a question might be quite small in comparison with total city tax revenues; but the answer, if yes, could confer a significant tax benefit on an individual owner.

#### Lack of uniform requirements

The constitutional provisions granting exemptions from realty property taxation are quite uneven in the specification of factors involved in determining eligibility for the exemption.

For example, Section 21(B)(1)(a) is quite specific in laying out the four factors involved in eligibility for tax exempt status of property owned by a nonprofit organization. Section 21(C)(12), on the other hand, does

not define cultural or civic and identifies no factors to be considered in determining eligibility for tax exempt status under the section.

As another example, Section 21(C)(12) is not clear on the whether the property owned by a bona fide labor organization must be used in "representing its members or affiliates in collective bargaining efforts" or whether it can be owned by a labor organization pension fund but rented on the open market, at market rates, for residential use.

### In Administration and Enforcement

Interviews of personnel and review of documents indicate the following weaknesses in administration and, consequently, in enforcement of the existing law pertaining to properties exempt from realty property taxation:

1. There is no requirement in law or practice that an applicant for an exemption specify the section of the Constitution under which the exemption is sought.
2. The summary of the roll of exempt properties in Orleans Parish does not indicate the section of the Constitution under which the property is exempt from taxation.
3. There is no adequate and uniform system of classification by use for purposes of determination of eligibility for exemption from realty property taxation even within the Parish of Orleans, much less statewide.

For example, the "other" code used in by Orleans Parish assessors includes one-fourth of the valuation of all exempt properties and includes properties ranging from hospitals to exemptions given as business incentives.

4. With regard to Tulane University's special exemption from property taxation under Article VIII, Section 14 of the Constitution, there is no statewide listing of the property exempt from taxation under this special provision. Neither the Louisiana Tax Commission nor Tulane has shown: (1) which of Tulane's property Tulane claims is exempt for reasons of educational use and which it claims is exempt under this additional \$5 million exemption, and (2) which claims for exemption have been accepted by which assessors statewide. Without such information, there is no way for individual assessors to know how much of the exemption is "available" to cover claimed exemptions in their parishes and no way for the Tax Commission to know whether the \$5 million figure is being honored or exceeded statewide. A March 1994 report submitted to the Louisiana Tax Commission by commission staff

lists the appraised value of known Tulane-owned property not used for educational purposes at almost \$23.5 million. It does not indicate total value of property listed as used for educational purposes and does not list medical school property. It makes no determination whether the property it does list is taxable or exempt from taxation, much less under which section of the Constitution the property, if exempt, is exempt.

5. The Louisiana Tax Commission has issued no rules and regulations pertaining to listing and assessment of many of the types of property granted an exemption from taxation under Article VII Section 21 of the Constitution. Tax Commission *Rules and Regulations* include, for nonprofit, only a reference to the Constitution itself.
6. The Louisiana Tax Commission has designed and ordered the use of no forms for listing of properties exempt from taxation under the specific paragraphs of Section 21.
7. There is no summary of the roll of exempt properties statewide. The Louisiana Tax Commission does not compile, record, or publish assessed valuations of the various exempt properties, except for the homestead exemptions.

While most assessors provide to the Louisiana Tax Commission copies their rolls of "exempt properties," no direct use of this information is made by the Commission. Because those figures are not reported in the Tax Commission's *Biennial Report*, the records are not even maintained systematically.

8. The valuations of exempt properties are not certified by either the local Boards of Review or the Tax Commission.
9. Most assessors in Orleans Parish do not regularly and systematically reinspect and reassess so-called "exempt properties." Once a property is placed in that classification, it is not reassessed on the same schedule as required for other properties.
10. Local governments in New Orleans do not perform regular evaluation of the exemptions in terms of lost revenues.
11. Local governments in New Orleans do not ask the New Orleans City Council as Board of Review to review classifications and assessments of so-called

"exempt properties" as part of their certification of the accuracy of the assessment rolls.

12. The Legislature does not perform regular evaluation of the exemptions in terms of revenues lost to local governments.

### Effect of the Weaknesses

The net effect of these weaknesses in the law and its implementation is a number of improperly-granted or questionably-granted exemptions. BGR's detailed review of the assessment roll of exempt properties found numerous properties which would not appear to belong there. While the financial impact of these specific examples taken one by one may not be great, their sheer numbers undermine confidence in the present system of assessment and taxation. Moreover, in a city as strapped for revenues as is New Orleans, any revenues due to local governments need to be pursued.

### BGR'S Review of the Rolls

The Orleans Parish Board of Assessors provided BGR with a detailed listing of all realty tax-exempt property in the City of New Orleans for 1996, a document 1,016 pages long, with 8,116 individual property listings.

BGR also contracted with a professional appraiser to provide an independently-stated range of values for selected properties on the exempt listing. The purpose of the appraiser's review was twofold:

- to provide a possible current market value range for the properties
- to enable BGR to estimate of the amount of property tax revenue that would be generated if the example properties were taxable.

The properties reviewed were selected from the "other" category of tax-exempt property, which includes a broad range of nonprofit, charitable, health, and educational institutions. The 18 examples presented in Table C were drawn from a category listing approximately 900 properties. While not intended to be a statistically valid sample, the example properties are illustrative of the questions raised in our review of tax-exempt property.

## Table C

### Examples of Tax-Exempt Properties Orleans Parish, 1996

Address	Owner	Description	Use	Assessed Value on Assessors' Rolls <sup>1</sup>	Assessment Range Per Appraiser	Property Tax Based on Appraiser's Range
748 Camp St.	American Zen Association	Three-Story Brick	Commercial	\$ 23,400	\$ 77,350-86,350	\$ 13,710-15,306
1800 Canal St.	Orleans Parish Medical Society	Two-Story Frame	Office	21,380	19,500-21,500	3,146 - 3,468
3801 South Carrollton Ave.	Xavier University	Land sqs. 771-772	Commercial (used car lot)	120,000	112,500-135,000	18,151-21,781
4617 Freret St.	Junior League of New Orleans	One-Story	Commercial	9,110	5,295-6,225	854-1,004
3200 Garden Oaks Drive	Nat'l Alliance Postal Federal Employees	Seven-Story 90-132 units	Apartments	502,600	180,000-200,000	29,041-32,268
1418 Governor Nicholls	Urban Homeowner's Corp. of N.O.	1.5 - Story Mansion (Treme)	Office	23,890	30,000-36,000	4,840-5,808
10101 Lake Forest Blvd.	Forest Towers East, Inc.	Fifteen-Story 200 Units	Apartments	1,215,620	270,000-330,000	43,561-53,242
2629 Magazine Street	Habitat for Humanity	Two-Story Double	Residential	8,070	5,625-6,500	908-1,049
10080 Morrison Road	Pendleton Memorial Methodist Hospital	Land	Vacant Land	13,370	9,200-11,000	1,484-1,775
107 North Roadway	New Orleans Powerboat Assn.	One-Story	Boathouse	7,020	15,000-17,250	2,420-2,783

**Table C - continued**

Address	Owner	Description	Use	Assessed Value on Assessors' Rolls	Assessment Range Per Appraiser	Property Tax Based on Appraiser's Range
4600 Paris Ave.	United Teachers of New Orleans	Two-Story Frame	Office	341,030	90,375-101,250	14,581-16,336
8820 Plum Street	Carrollton Carnival Club	Warehouse	Float Den	34,450	10,425-11,925	1,682-1,924
327 S. Prieur	Blood Center of S.E. Louisiana	Land	Parking	10,600	2,040-2,230	329-360
2504 Prytania	New Orleans Opera Assn.	Two-Story Frame	Reception Hall	20,890	50,000-56,500	8,067-9,115
2110 Royal St.	Christopher Homes, Inc. (Archdiocese)	Nine-Story	Apartments	1,753,400	195,000-215,000	31,461-34,683
5005 St. Charles Avenue	Orleans Club	Three-Story Mansion	Meeting & Reception Hall	217,860	152,500-167,500	24,604-27,024
3601 Texas Dr.	Volunteers of America	Eight-Story brick, 300 units	Apartments	1,314,210	430,000-460,000	69,376-74,216
4730 Washington	Velocity Foundation	One-Story	Commercial	34,560	23,500- 25,750	3,791- 4,154
<b>TOTAL</b>				<b>\$5,671,460</b>	<b>\$1,678, - 1,889,980</b>	<b>\$272,-306,296<sup>2</sup></b>

<sup>1</sup> Assessed value is a percentage, specified in the State Constitution, of appraised value as established by the assessor. All land is required to be assessed at ten percent of fair market value. The assessed value of commercial improvements, except those owned by public utility companies, is required to be 15 percent of the appraised value.

<sup>2</sup> Property taxes if levied on the values listed on the assessment rolls would be \$915,033, or approximately three times greater than the taxes based on the high end of the range of values provided by BGR's professional appraiser.

SOURCE: Assessors' rolls of "exempt" properties, BGR appraiser's range of values and BGR calculations.

## Findings From the Rolls

From BGR's examination of the rolls of exempt properties and the professional appraiser's independent review of selected properties, we have drawn three major conclusions:

### *1. There is confusion in classification of the exemptions*

BGR's review of the exempt rolls revealed numerous examples of properties listed in the wrong category. For example, the designated category for health and social service agencies also included the Superdome, the Hale Boggs Federal Building, the Regional Transit Authority and fraternal organizations. The School of Design (Krewe of Rex) was listed as a private school. Xavier University property is found in four separate categories. The Port of New Orleans had \$10.2 million worth of property listed as a church. HANO property appeared in several categories other than the one designated for HANO.

Such errors in classification resulted in an inaccurate representation of the **composition** of tax-exempt property. When properly classified by BGR, the value and percentage of publicly-owned property went up by approximately 15 percent, while the percentage of privately-owned exempt property decreased by a similar amount.

### *2. The assessed value of exempt property is unreliable*

As the data from Table B indicate, the assessed value of the tax-exempt property assigned by the city assessors differs significantly from the current value range provided by the professional appraiser. For 12 of the 18 properties examined, the assessor's assessed value for exempt property was much higher than the range provided by the professional appraiser. For four of the 18 properties, the assessed value shown on the rolls was lower than the value range provided by the appraiser. In only two cases were the assessed values on the rolls in the same range as that provided by the appraiser. This data confirms what the assessors had told BGR at the outset: the values assigned to exempt properties are unreliable and out-of-date. Because the property is not taxable, assessors generally spend little or no time in verifying the accuracy of listed values.

BGR's review of the complete listing of tax-exempt properties raised similar questions about the reliability of the valuations. For example, the assessed value of one hospital (Touro) was more than the assessed value of Baptist+Mercy, Pendleton Memorial Methodist, and Children's Hospitals combined.

### *3. There are improperly or unsuitably applied exemptions.*

Of the 18 tax-exempt real property examples, there were four instances of property owned by a nonprofit organization but used for a commercial purpose unrelated to the purpose of an exempt organizations.

In other of the 18 examples, the appropriateness of a tax exemption is questionable. Should a pension fund of a labor organization be eligible for a tax exemption on an apartment complex held as an investment? Should a fraternal organization that is not also charitable in nature be given a tax exemption on its property? Should vacant land held by a nonprofit organization be tax-exempt?

BGR's review of the total listing of exempt property resulted in a variety of similar questions about the propriety of the exempt status. For example, there are several individuals listed as having tax-exempt property, but no indication from the rolls that the individuals are associated with any nonprofit or charitable organization.

There are other instances of property used for commercial purposes unrelated to the central mission of the organization. Without performing a city-wide parcel-by-parcel review, however, it is impossible to determine the precise number of improperly applied exemptions.

# 3: What Other States and Cities Do

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## Overview

All real property, with certain exceptions, is taxable in all states and is the backbone of every property tax system (Commerce Clearing House, *State Tax Guide*, 1996) According to the *State Tax Guide*, the following are the most common exemptions:

- school property
- church property
- cemeteries
- state, municipal or public property
- libraries
- mutual benefit or nonprofit societies' property
- federal government property and property protected by the U.S. Constitution

According to a 1995 survey conducted by the International Association of Assessment Officers (IAAO), the entire group of religious, educational and charitable organizations is almost uniformly exempted from property taxes, although the definition and extent of what is included does vary from state to state. For example:

- 39 states and the District of Columbia exempt hospitals
- 42 states exempt cemeteries
- all states exempt government-owned properties
- all but one state exempt property in use for education
- 13 states exempt historical properties
- all states exempt property in religious use, although the definition of religious use varies among states
- 34 states require the valuation of some or all exempt property

Most states also have a number of specialized exemptions that range from certain utilities in Alaska (electric cooperatives), property held in trust for Native Americans in Arizona, property used for nonprofit athletic events in Montana, farm residences and value added by residential rehabilitation in North Dakota, to pollution abatement equipment in North Carolina.

The IAAO survey also notes that in all states, property tax exemptions are constitutionally or statutorily mandated. Some states do, however, permit local discretion in applying certain exemptions. Separate state processes mean that there is generally little consistency among states in the kinds of nonprofit and charitable organizations

granted exemption privileges. Each state has its unique set of rules, guidelines, definitions and procedures.

## How Louisiana Exemptions Compare

Louisiana's laws with regard to exemptions from real property tax are fairly typical when compared with those of other states. The exemptions granted in the Constitution for nonprofit and charitable organizations are about average in number and type in comparison with those in other states. Most states do, however, provide more specific definitions of the categories of exemptions.

Unlike a majority of states, Louisiana does not require the valuation of all exempt property. Nor does the state permit local governmental discretion in defining the property tax base.

## Recent National Trend To Review Exemptions

There has been a growing nationwide trend in the last decade to carefully review all exemptions from realty property taxation. This trend is not surprising given the growing pressure on most states and localities to generate additional revenue in the face of declining public sector resources and the increased demand for services.

New Orleans, like many other older central cities in this country, has experienced a significant loss of population and corporate disinvestment, increased demands for social and public services, a deteriorating infrastructure, and increasing municipal costs. At the same time, state and federal aid to New Orleans has been significantly reduced over the last two decades.

The need for cities to find new sources of revenue increases proportionately as more property is taken off their tax rolls. Large hospitals, universities, governmental institutions, religious organizations and social service agencies have become increasingly concentrated in downtown, high-density areas. Such public and private nonprofit institutions are typically exempt from property tax and make no direct contribution toward the cost of running city government. A recent study showed percentages of real estate exempt from property taxes ranging from 31 percent in New York City to 50 percent in Boston to 74 percent in Albany, New York. (City of Albany, September 1995)

Although the dimensions of the trend to review or reduce tax exemptions are difficult to quantify, a recent newsletter from the National Council of Nonprofit Associations reviewed legislative activity in Arizona, Delaware, the District of Columbia, Florida, Iowa, Maine, Maryland,

Michigan, Minnesota, Montana, Nebraska, New Hampshire, Ohio, Pennsylvania, and Washington. Several recent reports have dealt with broad legislation that could significantly curtail exemption privileges (Pamela J. Leland, 1995).

### **Attempts Elsewhere to Eliminate or Decrease Impact of Exemptions**

For the most part, the states and localities that are actively reviewing exemptions have sought to decrease or lessen the impact of exemptions, rather than to eliminate the exemptions outright. The one major exception to this general trend is Colorado, where citizens will vote in November on a constitutional amendment that would eliminate the tax exempt status of most religious, charitable, and nonprofit organizations.

While other states or cities have considered the elimination of a range of exemptions, BGR's research found no state that has actually implemented such a measure to eliminate broad classes of tax exemption. It appears that once granted, tax exemptions are very rarely repealed.

A number of states and localities have implemented programs to reduce or lessen the impact of exemptions. The most common approach to mitigate the impact of exemptions has been to institute payments in lieu of taxation, or PILOT's, as they are commonly called.

### **Payment in Lieu of Taxes (PILOT's)**

PILOT's are "payments in lieu of taxation," or payments made to a taxing entity by owners of property exempt from taxation. The payment is made by either a public or private organization to compensate the taxing entity, at least partially, for the loss of revenue on exempt property. The 1995 IAAO survey found PILOT programs in at least 28 states.

Louisiana does not have an appreciable PILOT program for public or private organizations. In New Orleans, one form of a PILOT is a very small annual payment (\$25,000) from the Housing Authority of New Orleans to the City of New Orleans for the loss of revenue from tax-exempt housing projects and property. In addition, state and federal agencies in New Orleans pay the Sewerage and Water Board for water and sewerage services.

In other states, PILOT's have been set up in a variety of ways. The PILOT payment level may be based on a fixed percentage of the taxes (such as 25 percent) that would be

payable if the property was not tax exempt. In some cases, the PILOT payment level is based on individual negotiations between the government and the property owner, and the percentage of taxation represented by the payments may vary from owner to owner (ranging, for example, from 10 to 40 percent). In other instances, PILOT payments are simply the amount that the owner believes it can contribute and that the government is willing to accept.

PILOT's may be mandated by law or may be voluntary. For example, Portland (Maine) annually contacts all of its tax exempt institutions to ask for totally voluntary contributions. While some nonprofits do choose to contribute, the amount collected is relatively small (less than five percent of the property taxes that would have been due if the property were not tax exempt).

Another example of a voluntary PILOT is found in Ithaca, New York, where Cornell University agreed to increase its annual payment to the city in lieu of taxes from \$147,000 in 1994 to \$1 million a year by 2007. Cornell has been making such voluntary payments since 1987 (*New York Times*, February 21, 1996).

### **PILOT'S from Private Owners**

The more formally-established PILOT programs for private sector tax-exempt agencies are centered in the Northeast, where Philadelphia, Boston, and New Haven already have PILOT programs in place, and Baltimore, Washington, D.C., Syracuse and Albany, New York are considering the implementation of PILOT programs.

The City of Philadelphia has undertaken what is probably the most prominent example of a PILOT program for nonprofit and charitable organizations. Under the Philadelphia plan, implemented by an Executive Order of the Mayor, nonprofits are asked to contribute 40 percent of the real estate taxes they would pay if they were for-profit entities. Up to one-third of the payments from nonprofits can be offset by donated services (services in lieu of taxes, or SILOT's).

Nonprofits that are designated as "purely public charities," such as soup kitchens and homeless shelters, are not asked for payments in Philadelphia. About 50 organizations have entered into PILOT agreements with the City of Philadelphia, resulting in annual payments of approximately \$8.4 million in cash and \$3.3 million in services (City of Albany, New York, September, 1995.)



Boston has taken an incremental approach to collecting PILOT revenues. There, a PILOT program has been in place since 1986, in which the nonprofits agree to pay 25 percent of the amount they would pay in property taxes for new or expanded facilities. As institutions acquire property or announce development plans, they are approached for a payment for the specific project only.

Although 25 percent of taxes is part of the Boston plan's framework, the city has a fairly loose formula for determining PILOT payments. The formula takes into account such factors as the organization's ability to pass along the cost of payments to the clients of its services and the extent to which the organization's services benefit city residents. Once an amount is agreed upon, the "base payment" is adjusted annually to account for inflation. PILOT revenues in Boston total approximately \$17 million per year out of the city's \$1.4 billion budget.

A number of states have also instituted PILOT programs to compensate local governments for property taxes lost due to state ownership of land or facilities. As in the case of private PILOT and service charge programs, the most extensive use of these agreements is centered in the Northeast, most notably New York.

Table D summarizes the number and type of PILOT programs used by states to compensate local governments for taxes lost due to state ownership of land or facilities. As the table indicates, there is no such program in Louisiana.

A number of states and local jurisdictions have implemented or are considering a variety of service charge programs. The primary difference between a PILOT and a service charge program is that in a service charge program, the payment is linked to the cost of specific services used by the organization, such as street cleaning, road maintenance, sidewalk repairs, garbage collection, or police protection.

In Delaware, Maryland, and other states, cities have formed downtown "special benefit" districts that require nonprofits institutions that own property in the districts to pay fees for services like street cleaning. Rochester, New York has a local law that charges tax exempt institutions

fees for services like sidewalk repair. The amount of the service charge is based on the street frontage owned (*New York Times*, February 21, 1996).

Unfortunately, there has been no formal, comprehensive inventory or evaluation of PILOT's, SILOT's, service charges, or other alternatives to property taxation. Much of the information available is anecdotal. Many of the programs themselves are informal in nature and constantly changing, so lack a consistent, verifiable basis for evaluation.

For those few programs for which we do have more detailed information (Philadelphia and Boston), BGR has concluded that the programs are piecemeal in nature, unevenly enforced, difficult to administer, and produce very little revenue in relation to a city's overall tax base and budget. What many consider to be the most successful of all the options, the Philadelphia plan, is unevenly applied.

In addition, the possible negative impacts associated with the implementation of PILOT's have not been carefully evaluated. The following questions, among others, have not been answered:

- Have there been reductions in program services or higher client fees as a result of PILOT's? Is there less service to indigent clients?
- Have any nonprofits left the city because of the imposition of PILOT's?
- Do nonprofits become more wary about expanding or implementing new programs because of concerns about PILOT payments?
- Do nonprofits simply increase their requests for public support from local government as a result of PILOT's? Do local governments end up providing more funding to nonprofits as a result of PILOT's?

Given the unanswered questions and multiple concerns regarding the various options, it is not surprising that a number of states and localities have concluded that PILOT's are simply not worth the time, effort, and high political costs required for implementation. In BGR's judgment, there is at this time no clearly successful model that has emerged or that we were able to locate that we would without hesitation recommend for implementation in New Orleans.

## Table D

### State Programs Compensating Local Governments for State-Owned Property, 1989

State	Taxation	Pilot		Annual Cost	State	Taxation	Pilot		Annual Cost
		Full	Part				Full	Part	
Alabama*				-	Nebraska*				-
Alaska*				-	Nevada		1		26,260
Arizona*				-	New Hampshire		3		741,040
Arkansas*				-	New Jersey		4		14,092,960
California*				-	New Mexico*				-
Colorado			2	107,500	New York	5	2	7	59,000,000
Connecticut			2	20,001,400	North Carolina*				-
Delaware*				-	North Dakota		3		281,810
Florida*				-	Ohio			2	51,050+
Georgia*				-	Oklahoma			1	n.a.
Hawaii*				-	Oregon			1	80,000
Idaho*				-	Pennsylvania			3	1,980,000+
Illinois			1	n.a.	Rhode Island			1	500,000
Indiana*				-	South Carolina			3	1,501,220
Iowa		1	1	35,500+	South Dakota	1	1		408,900
Kansas	1			n.a.	Tennessee*				-
Kentucky*				-	Texas*				-
Louisiana*				-	Utah			2	122,000+
Maine*				-	Vermont	1		1	98,000+
Maryland			1	200,000	Virginia	1			n.a.
Massachusetts			3	17,000,000+	Washington*				-
Michigan			4	18,405,360	West Virginia*				-
Minnesota		1	3	5,248,800	Wisconsin			3	13,776,530
Mississippi*				-	Wyoming	1			130,000
Missouri			2	365,800					
Montana		1	1	465,000	Total	10	9	52	93,619,770+

\* No programs

+multiple programs exist but costs are not available for all of them.

Taxation - The State has consented to be taxed on some of its property.

Full Pilot - Payment in lieu of taxes equal to total taxes payable if property were not exempt.

Part Pilot - Payment in lieu of taxes less than total taxes payable if property were not exempt.

SOURCE: New York State Board of Equalization and assessments, *State Programs Compensating Local Governments for State - Owned Property* (Albany, New York: January 1990), in advisory Commission on Intergovernmental Relations, *Significant Features of Fiscal Federation, Volume I, Budget Processes and Tax Systems*, Table 39 (Washington, D.C: 1990), 126.

# 4: Findings, Conclusions, and Recommendations

## Findings

This study of exemptions from realty property taxes in New Orleans brings together, for the first time, information on what categories of real estate receive tax exemptions and how much revenue the City, Sewerage and Water Board, Orleans Parish School Board, and other local taxing bodies in Orleans Parish lose because of these exemptions.

The tax-exempt portion of all real estate in Orleans has an assessed value of almost \$1.7 billion (65 percent of the total assessed real estate value of \$2.5 billion). Of this almost \$1.7 billion, about \$714 million is publicly owned, and about \$949 million is privately owned.

### Publicly-owned portion

State and federal government entities and the Housing Authority of New Orleans own real estate assessed at about \$281 million. The Port of New Orleans and the Orleans Levee District own real estate assessed at about \$165 million. Various agencies of city government own real estate assessed at about \$150 million, and the School Board owns real estate assessed at about \$117 million. (Figure 4.)

### Privately-owned portion

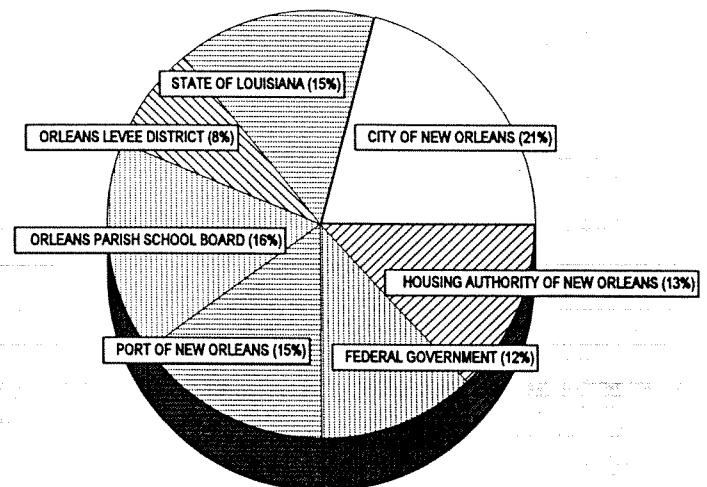
Privately-owned tax-exempt real estate in New Orleans has an assessed value, as stated above, of \$949 million. Of the exemptions for privately-owned real estate, over half are granted on the basis of exemptions other than the homestead exemption.

Over 88 percent (by value) of all the non-homestead exemptions to privately-owned real estate go to only three types of property: church-owned or church-related property; schools, colleges, and universities; and hospitals and other health-care property (Table E).

Under 1.5 percent of the value of exemptions to privately-owned real estate is attributable to the exemptions that provoke a great deal of public comment and discussion, those granted to fraternal organizations and for cultural and civic purposes, including Mardi Gras. About 6.5 percent is for various business, manufacturing, housing development, and historic restoration incentives.

**Figure 4**

**Exempt Publicly-owned Real Estate  
Percentage of Assessed Value by Owner  
Orleans Parish, 1996**  
Total \$714 Million

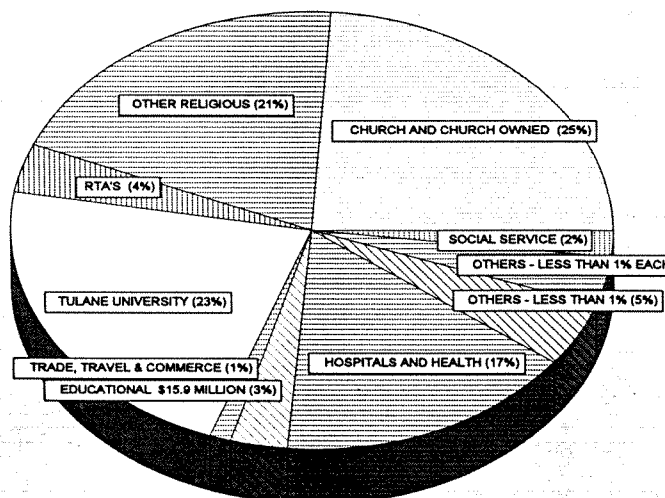


	<u>Millions</u>
City of New Orleans	\$ 150.3
Orleans Parish School Board	116.7
Port of New Orleans	108.8
State of Louisiana	103.0
Housing Authority of New Orleans	94.5
Federal Government	83.6
Orleans Levee District	<u>57.0</u>
<b>Total</b>	<b>\$ 713.9</b>

SOURCE: Orleans Parish Assessors and BGR calculations

**Figure 5**

**Exempt Privately-owned Real Estate Other Than Homesteads  
Percentage of Assessed Value by Type of Exemption  
Orleans Parish, 1996  
Total \$501 Million**



SOURCE: Table E

**Table E**

**Exempt Privately-owned Real Estate Other Than Homesteads  
Assessed Value by Type of Exemption  
Orleans Parish, 1996**

Type of Exemption	Amount (millions)	Percentage of Total
Church and church-owned	\$ 125.2	24.9
Tulane University	114.7	22.8
Other religious	102.8	22.5
Hospitals & health	84.5	16.8
Restoration tax abatements	19.5	3.8
Educational	15.9	3.2
Social service	9.1	1.8
Trade, travel & commerce	6.1	1.2
Fraternal	4.7	.9
Housing Development Corporations	4.1	.8
Cemeteries	3.8	.7
Manufacturing	3.2	.6
Labor union	2.9	.6
Misc. - Foundations	2.8	.5
Misc. - Other	2.2	.4
<b>Total</b>	<b>\$ 501.5</b>	<b>99.5%</b>

SOURCE: Assessors rolls of "exempt" properties, BGR reassignment to categories, and BGR calculations.

Correcting even a 1.5 percent error (by value) in the application, or administration, of all the exemptions for privately-owned real estate would more than cover the assessors' estimated additional cost of funding adequately the local assessment system for each of the next few years. Correction of a 1.5 percent error factor could yield increased revenues of nearly \$2.3 million the first year, while the assessors' estimated cost of needed improvements is \$750,000 for the first year. The improved information base could then be used to evaluate whether the exemptions as granted in the Constitution are justified.

### Cost of exemptions

As shown in Chapter 1 (Table A), the amount of tax revenues currently lost to local governments in Orleans Parish because of all exemptions to realty property tax is almost \$218 million per year. If there were no exemptions from the ad valorem tax on real estate, local governments in Orleans Parish would be due \$361.5 million in 1996, rather than \$142.8 million.

While \$55.4 million in revenues is lost to local governments in New Orleans in 1996 due to the homestead exemption, \$67.4 million is lost due to exemptions for "other" (non-homestead) privately-owned real estate.

If all real property were taxable, the 1996 parish-wide millage rate could be reduced from 161.34 to approximately 56 mills and still generate the current amount of revenues. If all privately-owned real estate were taxable, the millage rate could be reduced to just under 78 mills for 1996 and still generate the same revenues.

### Conclusions

The current system of administration of assessment of property for purposes of taxation is inadequate to ensure compliance with the constitutional provisions providing for exemptions from realty property tax.

Administration of the system of property tax exemptions granted under the Constitution is generally informal, often poorly documented, and subject to no review for statewide uniformity of application of the law statewide.

Definitive standards and guidelines for ensuring consistency and fairness in administering the property tax exemptions, including determining eligibility for them, are

absent. Thus administrative systems and procedures are clearly inadequate for assuring either taxpayers or taxing bodies that tax-exempt status is granted only to those properties that truly qualify.

In particular, the use of property owned by nonprofit organizations is not reliably scrutinized, classified, and documented on the local or state level. We say **reliably** because while scrutiny and careful documentation occur in some instances, systems are not in place to ensure that they occur in all or even most instances.

In Louisiana, property owned by nonprofit organizations is entitled to exemption from property tax only if the **use of the property itself, not the use of the income derived from the property**, falls within the exempt purpose of the organization.

The revenue generated by a commercial operation owned and operated by a nonprofit university might or might not be subject to income tax. The transactions of a nonprofit organization might or might not be subject to sales tax. But the **real property** used, owned, managed, or held for **any purpose not within the primary nonprofit mission of the organization** is subject to property taxation.

BGR's review of realty-tax-exempt property revealed a number of instances of improper, or certainly questionable, application of exemptions. We anticipate, however, that vigorous enforcement of the existing requirements as to **actual use** of property would uncover and eliminate any improper granting of exemptions. These improper exemptions would include those for property owned by non-profit organizations but not actually in use for a property exempt purpose (including but not limited to unoccupied structures and vacant land.)

While we question the need or desirability for continuation of some of the exemptions, BGR does not at this time recommend any additional exemptions for elimination, for two main reasons. First, until administration of the application of the exemptions is improved, with the actual use of the property more fully documented and value more currently assessed, the costs and benefits of the various categories of exemptions cannot be fairly evaluated. Second, while we have some idea of the revenue impact in Orleans Parish of eliminating various exemptions, we have no idea of the impact in the rest of the state.

Despite the efforts of a number of cities and states to deal with the growing number of tax-exempt properties in their jurisdictions, particularly properties owned by nonprofit organizations, BGR was unable to identify a successful

program or approach that we would recommend as a model for implementation in New Orleans.

The various forms of payments in lieu of taxation (PILOT's), services in lieu of taxation (SILOT's), core service charges, and special benefit districts are all problematic. As a group, the programs are unevenly applied, difficult to administer, and highly subject to legal challenge. They yield little revenue in relation to a city's total budget. In addition, little is known about the impact of these programs on the delivery of services by nonprofit organizations.

Given these conclusions, what do we recommend for New Orleans?

### **Recommendations**

In summary form, BGR recommends:

- **No additional exemptions**
- **Extensive improvements in administration of property assessment**
- **Strict interpretation of existing exemptions**
- **Once the improved system of administration of assessment is in place, review of all exemptions on an exemption-by-exemption basis for the purpose of possible elimination of exemptions**
- **Continuation of support for elimination or reduction of homestead exemption and accompanying reduction of sales tax**

BGR recognizes that full implementation of the second, third, and fourth recommendations will require the expenditure of additional resources of time and money not presently available to the Orleans Parish assessors or the Tax Commission (for example, computer hardware, software, and trained staff, and funds for publication of the rolls of exempt properties). The Orleans Parish assessors have estimated their needs at an additional \$700,000 for the first year and \$500,000 per year thereafter.

#### **(1) No additional exemptions**

BGR recommends that no additional exemptions be enacted by the Legislature or approved by voters until the administration and enforcement of all existing exemptions is improved and the costs of all current exemptions are carefully documented and reviewed by the Louisiana Tax Commission and the Louisiana Legislature.

BGR further recommends continuation of the constitutional status of exemptions from realty property taxation. The biennial ritual of the Legislature dealing with scores of proposed exemptions to state and local sales taxes is ample evidence of the need to maintain property tax exemptions in the constitutional framework.

#### **(2) Extensive improvements in the administration of property assessment**

##### **By the Legislature**

BGR recommends that the Legislature:

- authorize the Louisiana Tax Commission to require certification of eligibility for all exemptions from realty property taxation and recertification on a regular basis
- authorize the Louisiana Tax Commission to levy whatever filing fees are necessary to implement this certification process
- enact stronger penalty provisions for the filing of false information with assessors

##### **By the Louisiana Tax Commission**

BGR recommends that the Louisiana Tax Commission take the lead in implementing a statewide system to determine the number and value of all exempt properties.

At a minimum, the Tax Commission should:

- adopt rules and regulations for the determination of eligibility for all exemptions from realty property taxation
- adopt and require the use of application and certification forms for all exemptions from realty property taxation
- require regular recertification of eligibility for exemptions from all realty property taxation
- develop, adopt, and require use of a uniform, computerized reporting system by assessors

##### **By the Orleans Parish Board of Assessors**

BGR recommends that the Board of Assessors of Orleans Parish publish annually a list of properties exempt from realty property taxation, showing the name of the owner, the location of the property, the size and value of the property, and, as recommended by the

International Association of Assessing Officers, "any other relevant information to ensure the tax paying public is aware of property exempt from taxation and **the resulting impact on the tax bills**" (IAAO Policy Statement, emphasis ours).

BGR recommends that the assessors for Orleans Parish work collectively as a board to improve the data collected on tax exempt properties. At a minimum, the Board should:

- encourage individual assessors to apply the existing codes for exemptions uniformly and to develop guidelines for their use as necessary
- encourage that the codes used by assessors carry a reference to the pertinent section of the Constitution

#### **By individual assessors**

BGR recommends that individual assessors conduct careful review of all requests for exemption from realty property taxation and apply a strict interpretation of the constitutional provisions. Even in the interim before the rules, regulations, and guidelines recommended above are developed and implemented by the Tax Commission, assessors should:

- require written documentation from property owners seeking exemptions from realty property taxation
- conduct on-site inspection to determine the actual use of property for which exemption is sought
- conduct regular and periodic reviews of tax-exempt status to ensure that property owners fully comply with both the ownership and use requirements for such status
- make sure that all records for exempt properties carry a reference to the pertinent section of the Constitution

#### **By local governments using property taxes**

BGR recommends that all local governments that levy property taxes in Orleans Parish pay much more careful attention to assessments and the assessment process in all respects, because all such bodies depend for revenues on the assessment process and its reliability and integrity.

Specifically, all local governments that levy property taxes in Orleans Parish should:

- pay much more attention to the proceedings of the New Orleans City Council as the Board of Review for the

tax rolls, because all such recipient bodies have a stake in the outcome of these proceedings

- be aware that they have a direct financial interest in the outcome of legal challenges to strict application of the law by assessors

In addition, a thorough review is needed of the restoration tax abatement. This review should examine the terms and conditions for the local approval of restoration tax abatements and the impact of these abatements on the local economy and local governments that depend on property taxes.

### **(3) Strict interpretation of existing exemptions**

BGR recommends strict and uniform interpretation of the existing exemptions and eligibility for them. As stated earlier, we anticipate that strict interpretation and vigorous enforcement of the existing constitutional requirements regarding **actual use** of property would uncover and eliminate the improper honoring of exemptions to properties not truly eligible. Property used for commercial and investment activity, including the ownership of vacant land and unoccupied real estate.

### **(4) Review of each and every exemption once an improved system of assessment is in place**

BGR recommends that once the improved system of administration of assessment is in place, the Legislature, with the advice of the Louisiana Tax Commission and local governments, should review all exemptions on an exemption-by-exemption basis for the purpose of the possible elimination of exemptions.

This review should consider a grouping together of the various types of real property exemptions (mutual benefit, public benefit, charitable, business incentive), rather than listing, mixing, and appearing to duplicate various property exemptions in apparently random fashion, without any apparent rhyme or reason.

### **(5) Continuation of support for the elimination or reduction of the homestead exemption and accompanying reduction of the sales tax**

BGR has for nearly 20 years supported elimination or reduction of the homestead exemption and an accompanying reduction in sales tax, in order to create a less regressive tax structure for the state. BGR reaffirmed its positions during the attempts at state fiscal reform in 1988 and again at the Constitutional Convention of 1992.

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EXEMPT CODE	TOTAL	9,340	149,100	1,661,570	9,340	1,809,670
EXEMPT CODE	TOTAL	30,860	30,860	116,640	147,440	147,440
		633		12,802,236	37,219,869	37,219,869
				6,062,950	7,465,160	7,465,160
				12,962,789	16,360,049	16,360,049
				1,061,690	1,143,470	1,143,470
					1,235,609	1,235,609
					35,859,850	35,859,850
					3,339,310	3,339,310

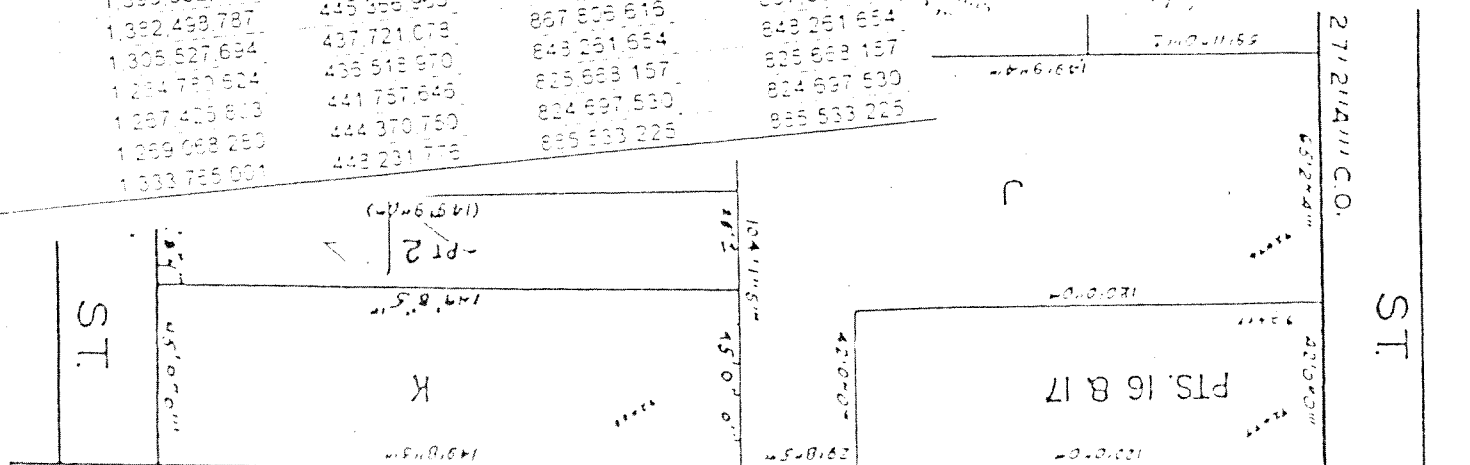
HE = Homestead  
 ME = Manufacture  
 OE = Other exempt  
 RE = Real estate  
 PP = Personal  
 PS = Personal

LOUISIANA TAX COMMISSION  
 TOTAL ASSESSED VALUE (Exclusive of Homestead Exemption)  
 Parish \$1,421,432,047.00  
 City \$1,380,224,752.00

2	3	4	5
Total Assessed Value of Homestead real estate per LTC	Exempt Value	Total assessed value of all taxable real estate not including public service real estate	Total Assessed Value of all taxable real estate excluding public service corp. re
1,197,652,831	413,414,676	784,238,155	784,238,155
1,340,025,592	408,467,239	931,558,303	931,558,303
1,369,525,652	430,814,779	938,710,875	938,710,875
1,408,584,652	433,041,067	959,523,585	959,523,585
1,395,632,115	442,044,215	953,587,900	953,587,900
1,382,499,787	445,356,963	937,131,824	937,131,824
1,305,527,634	437,721,078	867,806,615	867,806,615
1,284,792,524	436,519,970	848,261,654	848,261,654
1,287,425,613	441,757,645	825,663,157	825,663,157
1,269,068,280	444,370,750	824,697,530	824,697,530
1,333,755,001	448,231,778	885,533,225	885,533,225

No assessment. Vehicles have not yet been assessed for 1995 as used as the basis for the 1995 assessment on autos.  
 LOCAL TAXES  
 (Exclusive of Homestead Exemption)

14.91 mills	20,579,151.05
45.10 mills	62,248,100.32
12.01 mills	17,071,000.00
10 mills	8,855,332.25



EXEMPT CODE	TOTAL	17,540
EXEMPT CODE	TOTAL	45,000
EXEMPT CODE	TOTAL	45,000
EXEMPT CODE	TOTAL	1,270,740
EXEMPT CODE	TOTAL	995,840
EXEMPT CODE	TOTAL	1,292,260
EXEMPT CODE	TOTAL	981,110
EXEMPT CODE	TOTAL	334,990
EXEMPT CODE	TOTAL	211,000
EXEMPT CODE	TOTAL	35,730
EXEMPT CODE	TOTAL	5,121,670

  
**BGR**  
 Bureau of Governmental Research  
 225 Baronne Street, Suite 600  
 New Orleans, LA 70112  
 (504) 525-4152

ANNEOUS 12  
 FOR THE  
 YEAR 1995  
 IN THE PARISH OF ORLEANS

731,130	942,
404,940	440,670
44,825,430	49,947,100