

BGR INBRIEF

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Off the Rolls

Managing the Impacts of Tax-Exempt Property in New Orleans

What Is Tax-Exempt Property?

Louisiana's constitution exempts some property from property taxes, either entirely or in part. In New Orleans, that includes:

- Property owned by government, such as public schools, City Hall and federal buildings
- Property owned by nonprofits, such as universities, hospitals and churches
- The first $75,000 of a home's value for homeowners who live there, known as the homestead exemption
- Some private developments that get tax breaks to encourage investment

More than a third of New Orleans' real estate value is exempt from property taxes. Those exemptions serve public goals, but they also shape who pays for public services.

Why This Matters

Property taxes provide about half of all local tax dollars in New Orleans. They pay for services like public safety, schools, drainage and levees. **In 2025, 37% of the city's real estate value, about $2.7 billion, was exempt.**

Many exemptions support important public goals. But when some property doesn't pay, local governments have less money for services and infrastructure, and more of the cost shifts to the residents and businesses that do pay. Renters feel it too, because landlords pass much of their property tax costs on through rent.

BGR wrote this report to help the public and policymakers understand those tradeoffs and manage them more effectively. It is not a call to tax all exempt property. The central question is whether exemptions are producing benefits that justify their costs.

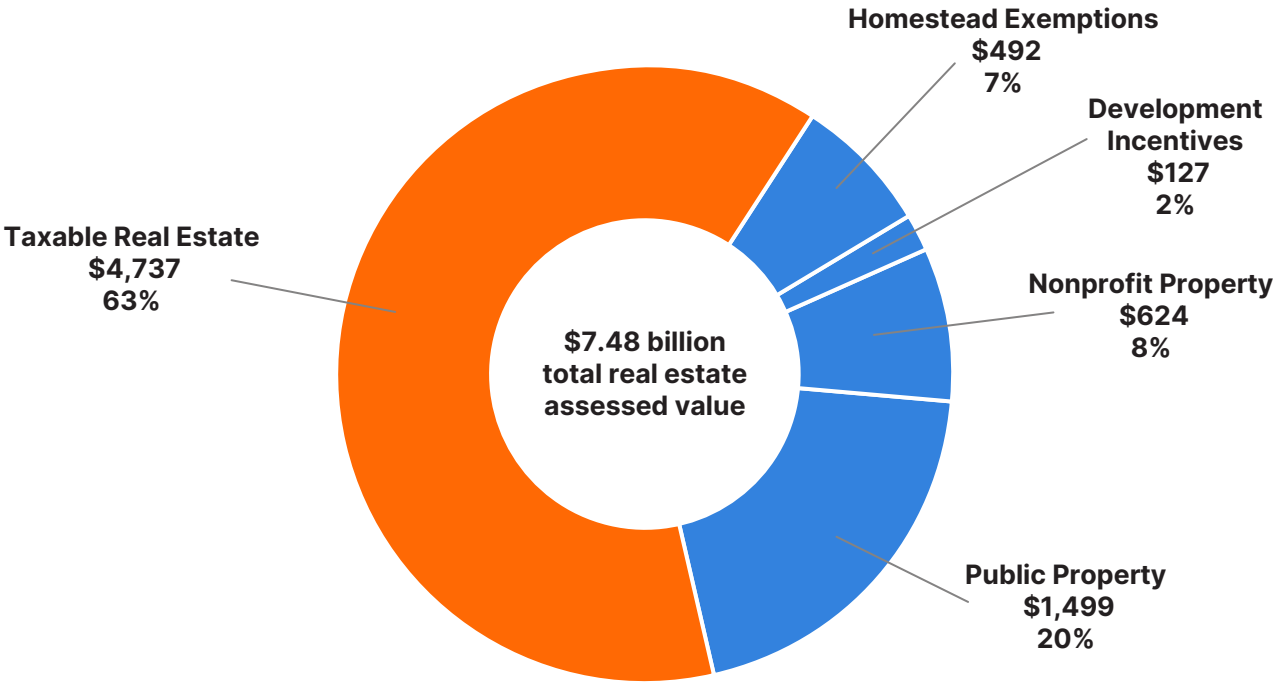
What BGR Found

The exempt share is still large. It has fallen from 65% in 1996, when BGR first studied the issue, but 37% is likely among the largest shares nationally. Because New Orleans can't expand its borders to add new taxable land, the fiscal pressure is greater.

The stakes are substantial. If all exempt real estate had been taxed at 2025 rates, local governments would have collected about $316 million more. Or, they could have collected the same amount as before and cut the overall property tax rate by about 32%, since more property owners would be sharing the bill. BGR presents these preliminary estimates only as an illustration of impacts that must be managed, not as a suggestion that every exempt property should be taxed. The community benefits of exempt property, such as reducing burdens on government or improving quality of life, should be weighed carefully in any policy decisions.

How Much of New Orleans' Real Estate Is Taxed? (2025)

Figures show assessed value, the portion of a property's market value that property taxes are based on.



What Comes Next

BGR's top priority is a fee for infrastructure. City leaders should develop a fair, transparent and accountable fee proposal by 2027 for defined and prioritized infrastructure needs, such as drainage. Unlike a property tax, a fee can apply to all property owners, so owners of tax-exempt property could contribute to the infrastructure they rely on.

BGR also recommends:

- **Statewide reporting.** The Legislature should require assessors to report the value, type and ownership of exempt property.
- **Regular review.** The Legislature should require a review of the benefits and costs of property tax exemptions at least once a decade.
- **A higher bar for new exemptions.** The Legislature and local officials should not create or expand exemptions without analyzing the benefits and costs, including who would pay more as a result. Voters should reject proposals that do not provide clear analysis and justification.
- **Consistent valuations.** Parish assessors should work together on developing standard guidance for valuing exempt property, other than homesteads, and reporting it to the public.
- **Stronger incentive policies.** Local governments that grant development tax breaks should adopt written policies requiring a finding that each incentive is strategic, necessary, efficient, effective and fair.
- **Better use of City property.** The City of New Orleans should identify vacant or underused property it owns that could be put to more productive use.

Why now: Because exemptions are written into Louisiana's constitution, changing them takes a two-thirds vote of the Legislature and approval from voters. That makes these practical steps more important. A key property tax that pays for drainage expires in 2027 unless voters renew it, and the spring 2027 legislative session is Louisiana's next opportunity to consider tax exemptions.

Full report available at
https://go.bgr.org/off-the-rolls