

To: TNO Executive Committee
From: Erin Hansen
Date: March 14, 2022
Subject: Folgers Unpaid Taxes

Brief: Orleans Parish taxing bodies are owed approximately \$10 million of current and back taxes on \$236 million of property owned by The Folger Coffee Company, for which tax exemptions were rejected in late 2020, but which has remained unassessed. The company has not received a tax bill for this property because the assessor has omitted the property from the tax rolls, in violation of his legal and constitutional responsibilities.

The \$236 million total in improperly unassessed property includes:

- **\$79.1 million** from capital investments that went into service in 2021. Exemptions were rejected for this property, but the assessor has omitted the property from the 2022 tax rolls. **\$1.7 million** in ad valorem taxes is estimated to be owed on this property.
- **\$63 million** from capital investments that went into service in 2021. Exemptions were withdrawn for this property, but the assessor has omitted the property from the 2022 tax rolls. **\$1.36 million** in ad valorem taxes is estimated to be owed on this property.
- **\$16.8 million** from capital investments that went into service in 2019. Exemptions were rejected for this property, but the assessor has omitted the property from the tax rolls for tax years 2020, 2021 or 2022. **\$1.05 million** in ad valorem taxes is estimated to be owed on this property for current and prior years.
- **\$65.8 million** from capital investments that went into service in 2018. Exemptions were rejected for this property, but the assessor has omitted the property from the tax rolls for tax years 2019, 2020, 2021 or 2022. **\$5.53 million** in ad valorem taxes is estimated to be owed on this property for current and prior years.
- **\$11.8 million** from capital investments that went into service in 2017. This property has not received an exemption, but the assessor has omitted the property from the tax rolls for tax years 2019, 2020, 2021 or 2022. **\$1.24 million** in ad valorem taxes are owed on this property for current and prior years.

TNO is recommending that local taxing bodies take appropriate action to compel the assessor to list and tax the property in question.



Background:

In December 2020 and January 2021, the Orleans Parish School Board and New Orleans City Council voted unanimously to deny six Industrial Tax Exemption Program (ITEP) applications filed by The Folger Coffee Company. In so doing, these bodies elected to keep \$225 million in Folgers' business personal on the tax rolls, yielding roughly \$5 million of tax revenue per year.¹

The properties have never been listed or assessed by the Orleans Parish Assessor. For several of the capital projects in question, the property should have been listed in 2018, 2019 and 2020, once the capital investments were complete and in service. The property was not listed at that time.

Once the applications were rejected, the property most certainly should have been listed and taxed. The assessor said so himself in a letter dated June 24, 2020:

Once a decision is rendered by Commerce and Industry for an ITE or RTA, the Assessor's Office will list the subject property as taxable or exempt from the date it should be placed on our tax roll. All contracts that are denied an exemption, the assessments are retroactively listed from date it should be posted on our tax roll and the taxes are collectable.

Despite this, the most recent tax rolls his office produced, more than a year after the exemptions were denied, continue to value the properties at zero and describe them as "**Pending Board of Commerce & Industry Approval**" (See Exhibit A). The assessor also describes as pending two properties for which Folger never even submitted ITEP applications. This omission of taxable property is a violation of the Assessor's legal responsibilities.

¹ The company applied for exemptions on \$225 million of capital investments made in its Old Gentilly Road and Chef Menteur Highway facilities in New Orleans East between August 1, 2017 and April 30, 2021. Assumes that properties are assessed at 15% of fair market value and a millage rate of 150 (the Orleans Parish average over the last 6 years).



Exhibit A: Example of Improperly Assessed Folger Property

ORLEANS - 3RD MUNICIPAL DIST. PARISH

STATUS:

TAX	TAX ACCOUNT	ASSESSMENT	TAX AUTHORITY	WARD
2022	0	39W956114	ORLEANS - 3RD MUNICIPAL DIST.	9W

TAXPAYER INFORMATION	PROPERTY LOCATION
THE FOLGER COFFEECO ATTN TAX DIVISION 1 STRAWBERRY LANE ORRVILLE OH 44667	14601 OLD GENTILLY HW VIAVANT COM 32 LOT NO NA

ASSESSED VALUES

HOMESTEAD: NONE

HISTORICAL TAX ABATEMENT:

DESCRIPTION	UNIT	TOTAL	HOMESTEAD	TAXABLE
COMMERCIAL SUBDIVISION LOT	0.00.L	0	0	0
UNIDENTIFIED COMMERCIAL IMPROV	0.00.I	0	0	0
TOTALS		0	0	0

ESTIMATED TAXES

DESCRIPTION	MLLAGE	TOTAL	HOMESTEAD	TAXES DUE
TOTAL	0.000M	\$0.00	\$0.00	\$0.00
TOTALS		\$0.00	\$0.00	\$0.00

PROPERTY DESCRIPTION

PRAIRIE LANDS PARCEL F42.839 ACRES OLD GENT HWY TO L & N RR ITE #20190392; EQUIP AMT \$51,460,000; PENDING BOARD OF COMMERCE & INDUSTRY APPROVAL;

What's at stake: The consequences of the omissions are substantial. According to my calculations, Folger owes approximately \$9.6 million in taxes on these properties: \$4.9 million in back taxes from 2019-2021 and \$4.7 million in 2022 taxes (See Exhibit B).

Folger also appears to owe another \$1.2 million in taxes on two properties that should have come onto the tax rolls in 2018 but have never been listed (Exhibit B).

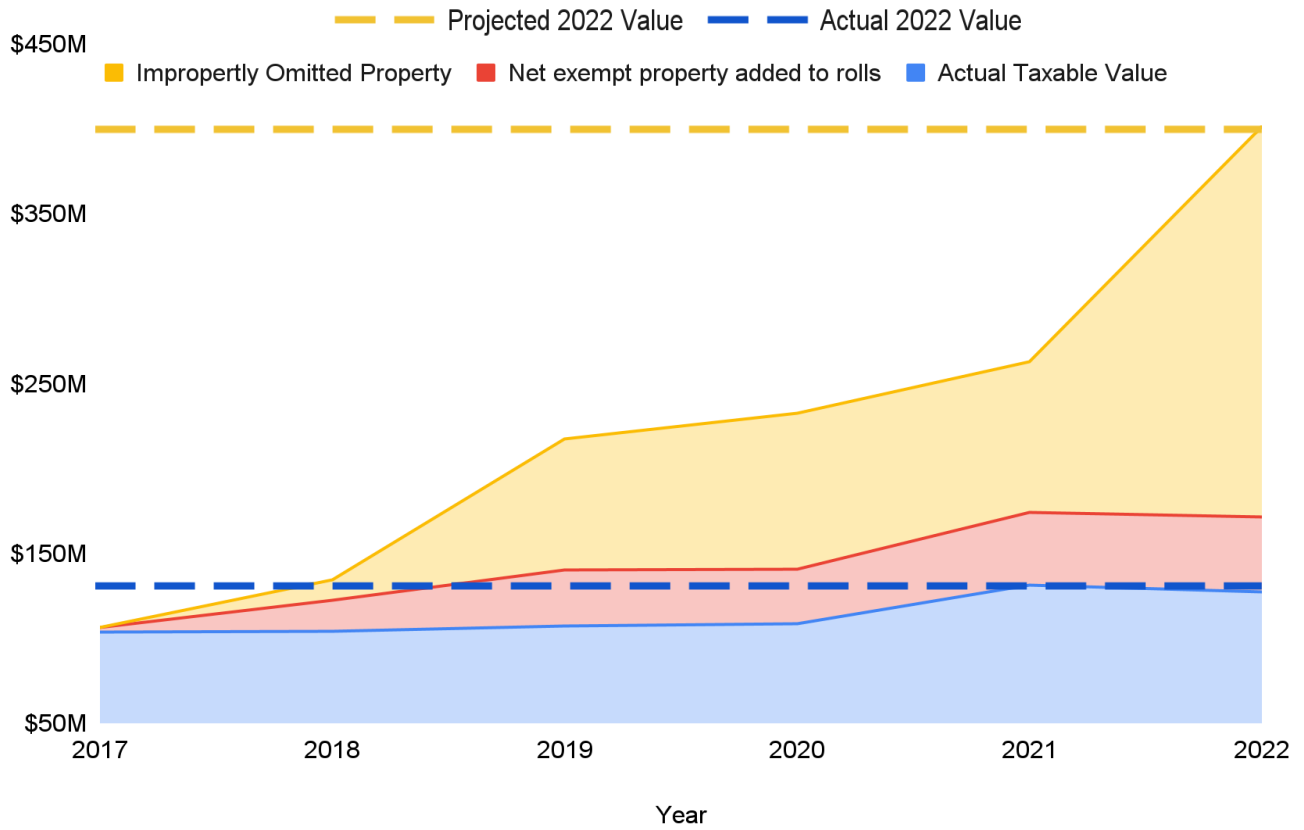


Exhibit B: Table of Improperly Omitted Taxable Properties

Property Value	Year Assessment Should Begin	ITEP Application #	Outcome of ITEP Application	Total Taxes Due (2022 + Back Taxes)	Assessment #
\$36,785,981	2019	20170466	Rejected	\$3,089,170	39W955165
\$29,060,522	2019	20170467	Rejected	\$2,440,411	39W956113
\$10,768,156	2020	20180297	Rejected	\$676,593	39W956107
\$6,081,545	2020	20180298	Rejected	\$382,120	39W955172
\$11,500,000	2022	20190279	Withdrawn	\$248,314	39W955173
\$51,500,000	2022	20190280	Withdrawn	\$1,112,014	39W956115
\$14,800,000	2022	20190391	Rejected	\$319,569	None found
\$64,325,000	2022	20190392	Rejected	\$1,388,938	39W956114
\$224,821,204				\$9,657,128	
\$9,100,000	2018	N/A	None filed	\$958,419	None found
\$2,700,000	2018	N/A	None filed	\$284,366	None found
\$11,800,000				\$1,242,785	



Exhibit C: Folger Coffee Company, Actual vs. Modeled Change in Value, 2017-2022²



² Actual Taxable FMV comes from the Louisiana Tax Commission's online database of parish tax rolls. Values exclude inventory and land, which are not eligible for ITEP exemptions. Net exempt property is the sum of previously exempt property that ought to return to the tax rolls after a 10-year exemption period, with depreciation, and any new exemptions granted during this period. Improperly Omitted Property includes properties whose ITEP applications were never filed, withdrawn or denied, and which have never appeared on the tax rolls. Note that tax years for Orleans Parish are one year ahead of other parishes in the state; tax year 2022 in Orleans Parish is equivalent to tax year in 2021 in the rest of Louisiana.