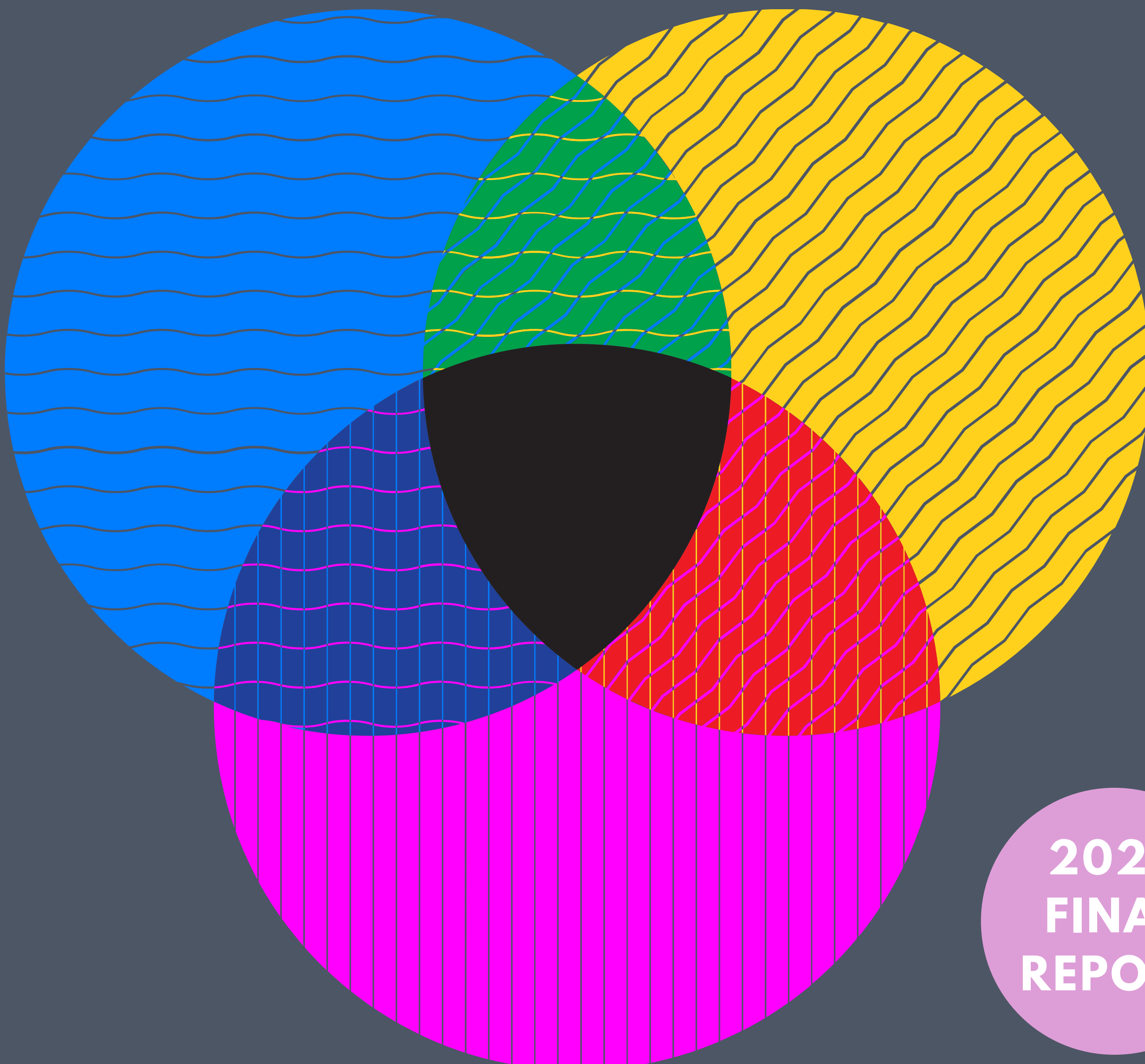
AD VALOREM & DEDICATED REVENUE SPECIAL COMMITTEE

FEBRUARY 2020



2020 FINAL REPORT

PREPARED IN RESPONSE TO CITY COUNCIL MOTION M-19-194

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A MESSAGE FROM THE AD VALOREM AND DEDICATE REVENUE SPECIAL COMMITTEE CHAIR

As we face our city's tremendous challenges, we must explore all options to find funding and best utilize every dollar. The list of needs is lengthy: from our aging infrastructure to public safety to transportation to quality of life matters — all deserve more resources. Our budget is already stretched, but then it's pushed to the limit with unforeseen occasional disasters. For these reasons, we as a City Council formed the Ad Valorem and Dedicated Revenue Special Committee last year. This Council and City Government need to work collaboratively to respect our people and look within to find ways to maximize our resources.

Over the past year of hearings, we've uncovered opportunities to build a more financially sustainable New Orleans — one that doesn't continue to pile burdens on its residents. Through this work and further research, we've compiled a list of potential changes that, together, will positively impact our city long-term.

These include reallocating and rededicating existing millages, passing a parcel fee for nonprofit tax exempt properties, unlocking state gaming revenues, reviewing the potential of the Wisner Trust as a vehicle for major revenue enhancement, and ensuring that all properties — especially those supposedly exempted by incentives — are properly assessed.

These are just a few of the efforts we will begin to execute to bring more resources toward our biggest challenges. There's more to do, but this report kicks off a long overdue assessment to relieve some of the revenue burden from New Orleanians. My thanks to my Council colleagues, Mayor LaToya Cantrell and Chief Administrative Officer Gilbert Montaño and their staffs, and to all of those who researched and presented to this committee along the way.

Now, let's get to work.

Sincerely,

Helena Moreno
New Orleans City Council President
Chair of the Ad Valorem & Dedicated Special Committee

EXECUTIVE SUMMARY AND KEY RECOMMENDATIONS

The purpose of the Ad Valorem and Dedicated Revenue Special Committee is to identify new, recurring revenue streams and to better allocate our existing dollars toward the City's most pressing priorities. Through collaborative work with the Cantrell Administration, stakeholders, and community groups, several immediate recommendations were identified.

MILLAGE ALLOCATION

In the fall of 2020, several millages are up for renewal: (1) Neighborhood Housing Improvement Fund, (2) New Orleans Economic Development Fund, (3) Capital Improvements and Infrastructure Fund, (4) Street and Traffic Control, and (5) Library. Redistribution of millage rates and consolidation of infrastructure-related millages should be considered to increase flexibility in prioritizing funding to the City's greatest needs.

ENSURE FAIR AND PROPER ASSESSMENT OF PROPERTIES

The City Council should consider creating accountability and oversight measures to ensure properties are being taxed appropriately. Close to $1 million recurring tax dollars were added back to the rolls after a presentation to this committee revealed certain Industrial Tax Exemptions had expired, yet properties were mistakenly still exempt from taxation. The City should also move forward with its homestead exemption audit program approved by the Louisiana Legislature in 2019.

RAISE REVENUE FROM TAX EXEMPT PROPERTIES

The Louisiana Constitution provides property tax exemptions for non-profits including many cultural, civic, tourism, and carnival organizations and is out of step with the rest of the country. It also puts a consistently heaven burden on the same taxpayers over and over. Expanding the pool of payers and having more organizations begin to pay their fair share will help reduce the burden being placed on citizens. The City Council should work to carefully craft a non-profit parcel fee ballot measure to be considered by the end of 2020.

INCREASE UTILIZATION OF SURPLUS DOLLARS IN SPECIAL FUNDS

The Chief Administrative Officer and his team conducted a very thorough review of the more than fifty special funds in the City budget. Some of these funds are related to millages, but most are not. The CAO and his team also reported that the surpluses of the combined funds total over $40 Million. It is recommended that the City Council work immediately with the CAO and his team to determine legislative items necessary to allow for these dollars to be utilized more effectively.

REDISTRIBUTION OF RACETRACK SLOT DEDICATED REVENUES

The Committee supports continued review of state tax dedications along with discussions regarding redistribution. While recent negotiations mostly centered on tourism, there are some dedicated gaming revenues that may be simpler to reallocate to the City. Currently, millions of dollars in slot proceeds at the New Orleans Fairgrounds are dedicated to several non-governmental organizations and City Park. The Cantrell Administration, City Council, and the Orleans Legislative Delegation should take a close look at these slot dedications and determine if the current allocations are meeting the City's top needs. If they are not, legislation should be introduced to change these dedications during the 2020 Legislative Session.

WISNER TRUST REVIEW

Although the formation documents of the Wisner Trust provide for a 100-year-trust ending in 2014, it is believed that the Trust continues to operate as a quasi-trust and that few efforts have been made to wind up trust operations. The trust corpus includes significant assets, in particular, a large portion of the industrial complex at Port Fourchon. The City Council's Executive Counsel has advised that the legal implications of trust termination on the ownership of the trust corpus are highly complex and are likely to be the subject to litigation if the City seeks to alter the current beneficial interests. Nevertheless, based upon the trust's formation documents, he advised that the City has a good-faith basis for asserting that a larger share of ownership in the underlying trust property reverted to the City at the conclusion of the trust. Further review of potential revenue benefits and how to best proceed with this trust should be prioritized.

ELIMINATE DUPLICATIVE EFFORTS AND INCREASE EFFICIENCIES

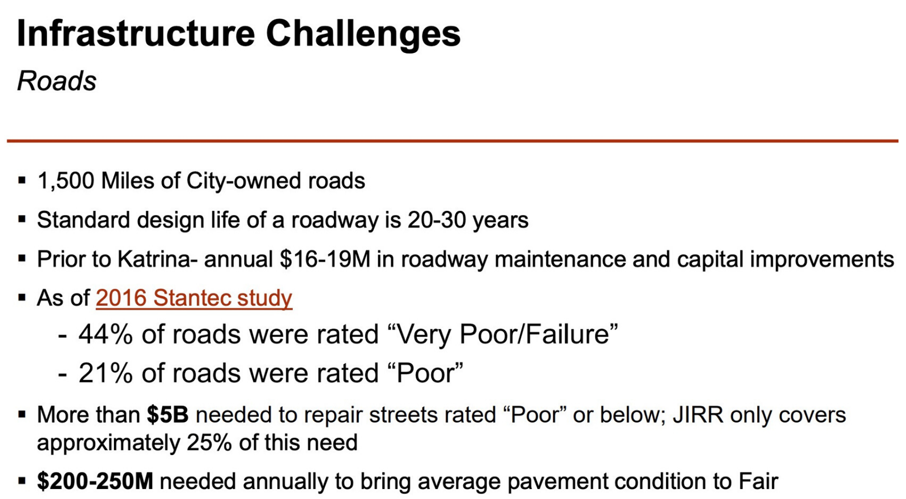
The Chief Administrative Officer and his team worked with and presented to the Committee plans for improved accountability for City agencies and increasing efficiencies. This includes minimizing duplication of efforts such as preventing funding two separate initiatives that both happen to be tasked with similar duties. The committee supports the CAO's thorough review and examination of streamlining services.

INTRODUCTION: WHY WAS THIS SPECIAL COMMITTEE FORMED?

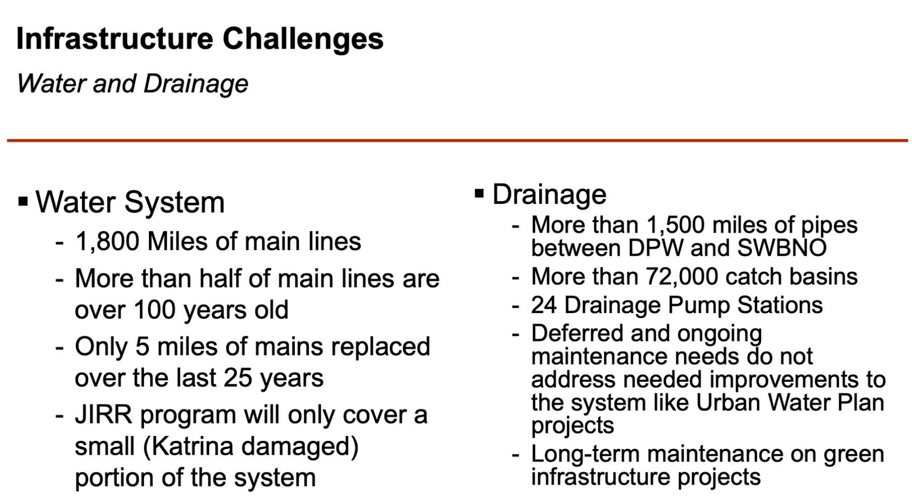
The Ad Valorem and Dedicated Revenue Special Committee was formed by the New Orleans City Council through motion M-19-194 which stated the Committee would work "to enhance public understanding of existing tax dedications and devise a holistic and comprehensive strategy to pay for public priorities based on a set of recommendations stemming from Committee meetings." It had long been suggested by many groups, including the Bureau for Governmental Research (BGR), that such a budget priority examination be undertaken. The seven members of the City Council make up the membership of this Committee and since July of 2019 have worked collaboratively with the Cantrell Administration, in particular the Chief Administrative Officer and his team, to review data and information brought before them.

THE ISSUE: WHY IS THIS IMPORTANT?

The City has critical needs particularly when it comes to infrastructure. Costs of repairing streets and drainage are tremendous, which means cautious evaluation of every incoming dollar and identifying new revenue streams is paramount. A presentation by CAO Gilbert Montaño demonstrated that despite the $2 Billion FEMA Joint Infrastructure Response Recovery (JIRR) funds, there are still significant gaps. The Sewerage and Water Board alone facing continuous gaps of about $200 Million for the next eight years.*



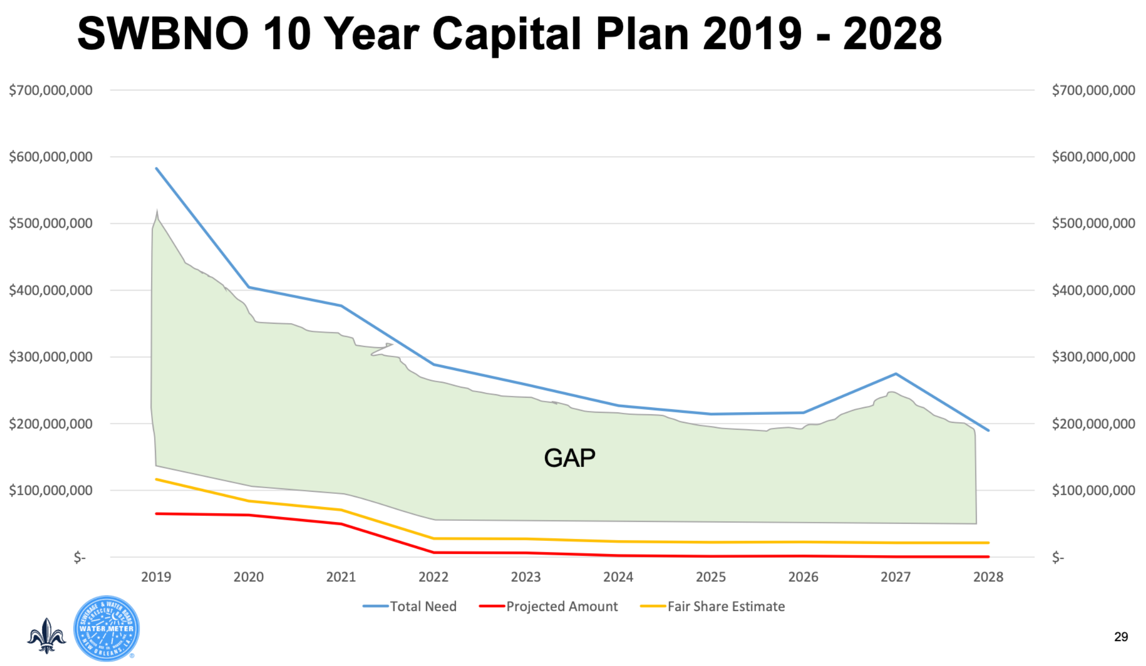
Slide taken from presentation by CAO's Office on July 22, 2019 outlining significant infrastructure needs for streets.



Slide taken from presentation by CAO's Office on July 22, 2019 outlining significant needs for drainage.

* CAO presentation to the Ad Valorem and Dedicated Revenue Special Committee July 22, 2019

THE ISSUE: WHY IS THIS IMPORTANT? (CONTINUED)



* CAO presentation to AVDRC July 22, 2019: https://cityofno.granicus.com/MetaViewer.php?view_id=42&event_id=22510&meta_id=455127

Presentation slide from the Sewerage and Water Board indicating large gap of funding for future needs.

THE MONEY: HOW MUCH TAX MONEY IS COMING IN TO NEW ORLEANS?

In 2019, per BGR, when all the different tax dollars (sales, hotel, property, gaming etc.) in New Orleans were added together, the total came to about $1.25 Billion. The City itself received **less than half** of that, amounting to roughly $500 Million. The remaining funds were allocated to schools, the New Orleans Regional Transit Authority (RTA), the Convention Center, Stadium and Exposition District (Superdome), levee districts, tourism groups, neighborhood and economic development districts, and several non-governmental organizations. The formula roughly remains the same today, except for the funding for the New Orleans Tourism and Marketing Board where changes where made due to the recent Fair Share Deal.**

**BGR - Page 7 of *The One Billion Dollar Question Revisited*

PRESENTATIONS AND INFORMATION SUBMITTED TO THE COMMITTEE

The meetings for this Committee began in July of 2019. All meetings were properly advertised and held in City Council Chambers. The public was encouraged to participate and comment on all matters. All meetings are archived on the Council's website (www.council.nola.gov).

The July 2019 agenda included a discussion on updating the Bureau of Governmental Research (BGR) 2015 Analysis of Orleans Parish Tax Revenues - *"The $1 Billion Question Revisited"* - with a presentation by Amy Glovinsky, BGR President & CEO; Stephen Stuart, BGR Vice President & Research Director; and Paul Rioux, BGR Research Analyst. The City's Chief Administrative Office also delivered a presentation by CAO Montaño providing an overview the City's Fair Share initiative and the resulting infrastructure prioritization.

The August 2019 agenda included an overview of millages expiring in 2021 delivered by CAO Montaño and the City's then-City Economist Debroah Vivien, an item addressing state revenue streams from Greg Albrecht of the state's Legislative Fiscal Office, and a discussion on the Morial Convention Center's cash account from Melvin Rodrigue, the acting-Chairperson for the entity.

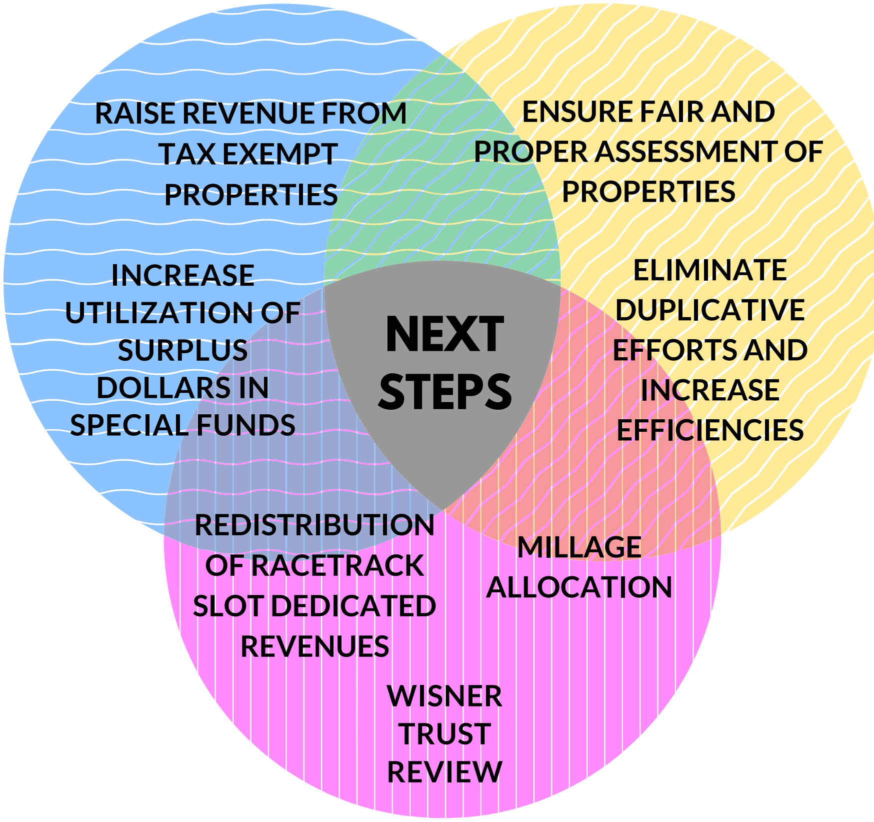
In September 2019, the Special Committee hosted a panel of speakers to discuss nonprofit exemptions and the interest in finding news ways to broaden the tax base across the city to reduce the burden on its homeowners. Entities represented on this panel included United Way of Southeast Louisiana, LCMC, Loyola University, and Tulane University, among others.

A second presentation from BGR focused specifically on nonprofit ad valorem tax exemptions. Former-Senator Jean-Paul Morrell and Neil Abramson, former State Representative and House Ways & Means Committee Chair, provided an overview of the legislative history of Ad Valorem dedications for nonprofit entities. Together New Orleans representatives also shared a presentation focused on 2019 property tax assessments showing data analysis of impacted areas, how many properties were affected, and other relevant issues including the importance of the assessment process being conducted in a way that is fair, accurate, and impartial.

Moving into October, the Committee discussed the need for a special advisory group to review the possibility of a nonprofit parcel fee. To that end, the committee discussed Motion M-19-386, which would establish a Task Force made up of community representatives and key stakeholders to review properties exempt from Ad Valorem taxation. M-19-386 was passed by the full City Council and is charged with providing recommendations and guiding principles on the feasibility of a parcel fee, parameters for an annual service charge on exempt properties, service charge amounts and method of calculation, and determining the number of years this service charge is to be applicable.

In December, the committee heard from Adam Swensek, the City Council's Executive Counsel, on existing ballot timelines for revenue measures in 2020 and additional discussion on expiring ad valorem millages in 2020.

IDENTIFIED ACTION ITEMS



MILLAGE ALLOCATION

In the fall of 2020 there are five millages up for renewal: Neighborhood Housing Improvement Fund (NHIF), New Orleans Economic Development, Capital Improvements and Infrastructure, Street and Traffic Control, and Library.

The millages are described in this manner:

Millage	Number of Mills	Purpose	Status
Neighborhood Housing Improvement Fund (millage)*	1.25	Proceeds of the tax are to be used for the purposes of "establishing and funding a comprehensive neighborhood housing improvement program and alleviating urban blight."	Current roll back rate .91 mills
New Orleans Economic Development Fund*	1.25	Proceeds of the tax are to be used for "economic development."	Current roll back rate 0
Capital Improvement and Infrastructure Fund*	2.5	Proceeds of the tax to be used to "pay the costs of making capital improvements and purchasing heavy equipment."	Current roll back rate .56 mills
Street and Traffic Control millage*	1.9	Proceeds of the tax are to be used for the "purposes of street and traffic control maintenance."	Current roll back rate 1.77 mills
Library**	4	Proceeds go to library operations, purchases toward operations, providing libraries, reading rooms, book mobiles, related facilities, and maintaining archives.	Current roll back rate 2.58 mills

*Information provided by the CAO's Office
**Information provided by the New Orleans Public Library

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A ballot proposition for renewal of millages must be approved by the City Council though a resolution. Then, the State Bond Commission must approve before being accepted by the Secretary of State. To be placed on the November 3, 2020 ballot, the City Council would need to approve the resolution before April 2, 2020 to meet Bond Commission dates and deadlines; for the December 5, 2020 ballot, the resolution approval deadline would be August 6, 2020. As these mills come up for renewal, the City Council and CAO should consider a potential merger of millages, particularly those related to infrastructure. It could also be beneficial to update existing language to ensure dollars can meet the prioritized needs of our city. Currently, restrictive parameters are partly to blame for some of these funds carrying millions of dollars in reserves.

INCREASE UTILIZATION OF SURPLUS DOLLARS IN SPECIAL FUNDS

Special revenue funds hold proceeds of certain revenue sources and are legally restricted for specific uses. Unfortunately, due to some of the funds' restricted purposes, large dollar amounts sit in reserves instead of being utilized.

The City currently has 56 special funds; three receive millage revenue. In total, $46 Million sit in reserves. Funds having reserves of more than $500K include:

Fund	Reserve Amount
Capital Improvement and Infrastructure Fund (millage)	$8.4M
Neighborhood Housing Improvement Fund (millage)	$7.5M
Economic Development Fund (millage)	$2.7M
Housing and Environmental Improvement Fund	$5.9M
French Quarter Improvement Fund	$3.8M
Delgado Albania Fund	$1.5M
Code Enforcement Neighborhood Revitalization Fund	$1.3M
Asset Seizure Fund	$1.1M
Public Library Donations Fund	$965K
Utilities Fund	$822K
Miscellaneous Donations Fund	$720K

*information provided by CAO as of 11/1/19

The total amount sitting in reserves for all of the special funds is roughly 6% of the $725 Million dollar City budget.

With the city's pressing needs in addition to facing the collapse of the Hard Rock Hotel and a cyber attack, dollars must be used to fund top priorities. The City Council and CAO's team have agreed to work hand in hand to determine if any of these funds should have dollars rededicated or become less restricted. It would take action by the City Council, and in the case of the millages, a vote of the people as well.

WISNER TRUST REVIEW

In 1914, philanthropist Edward Wisner donated 53,000-55,000 acres of land in trust to the City of New Orleans. That land consisted of three parcels in Jefferson Parish, Lafourche Parish, and St. John the Baptist Parish.

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Mr. Wisner died in 1915; his original bequest named the Mayor as the trustee on behalf of a number of different beneficiaries including the City of New Orleans, Charity Hospital, Tulane University, Salvation Army, and a number of specific bequests for entities operating within the City like firefighters or retirement homes. All entities were charitable beneficiaries.

In 1928, Mr. Wisner's widow and his two daughters filed a lawsuit alleging that the gift of all of this property violated their rights, violated their community rights, and impinged upon the daughters' inheritance rights. Ultimately after litigation, a settlement was signed in 1929 which gave Mr. Wisner's heirs (daughters and wife) a 40% interest in this massive trust property. The City does maintain the authority to dispose of the property, but what becomes of the proceeds of that is a much bigger question. In the wake of this settlement in 1929, the City was left with a 34.8% beneficial interest in the trust property, Tulane a 12% interest, Charity a 12% interest, Salvation Army a 1.2% interest, and the Wisner heirs with a 40% interest. Of the 40% allocated to the Wisners, this is further broken down into two groups: (1) Mr. Wisner's heirs and (2) heirs of the lawyers who represented Mr. Wisner because at the time, the attorneys accepted a contingency fee which is a percentage of the interest of this trust. Since then, LSU has acquired the ownership of the Charity Hospital portion. This breakdown in percentages represents the income of the trust; the question of the ultimate ownership is a much more complex and contentious legal question which the City Council's Executive Counsel anticipates would result in litigation.

This settlement also provided for the City Council to create Edward Wisner Donation Advisory Committee consisting of a 5-person Committee. That board consists of appointees by the Mayor, Tulane, LSU, Salvation Army, and Wisner heirs. The Advisory Committee has operated since 1930 and is responsible for conducting the business of the trust alongside the executive director who negotiates leases and handles day-to-day management. The Committee is also called upon to review how the City uses its share of the Wisner proceeds (34.8% income interest). The Mayor presents to the Committee how the funds will be distributed and how those distributions are consistent with the organizational documents.

The term of the trust called for a 100-year timeline, coming to an end in 2014. Before that, there was fairly significant litigation between the City and other beneficiaries. Beneficiaries argued in court that this trust had been made perpetual and should last forever. This was litigated and it failed; the judgment declared that this trust ended in 2014, however, the Advisory Committee continues to manage the property as if this trust has not been terminated. The trust states land ownership reverts to the City of New Orleans upon expiration of the 100-year timeline. This is critical because the land in Lafourche Parish (35,000 acres) in Port Fourchon is where the Louisiana Offshore Oil Port enters the Gulf of Mexico. About 15% of the US' imported oil flows through this property every day.

Further review of potential revenue benefits of how to best proceed with this trust should be prioritized. The Council's Executive Counsel recommended the Board of City Trust assist in the review since it is tasked with these matters.

ELIMINATE DUPLICATIVE EFFORTS AND INCREASE EFFICIENCIES

CAO Montaño and his team worked with and presented to this Special Committee and the Council's Budget Committee regarding their plans for improved accountability for City agencies and increasing efficiencies. One of the measures aimed at increasing budgeting efficiencies is the zero-based budgeting pilot launched last year by the CAO in five city departments: NOPD, Department of Public Works, NORDC, Juvenile Justice Center, and Department of Safety and Permits. The CAO's Office based this budgeting approach as one that examines: 1) Upcoming goals for a given department, 2) Services provided by that department, 3) Proposal to achieve goals, and 4) What to maintain within that department. Third party experts were brought in through an RFP to execute the zero-based budgeting pilot. The CAO has also closely been examining departments and organizations funded by the City to minimize duplication of efforts. This aims to prevent funding two separate initiatives that both happen to be tasked with similar duties or obligations. The committee supports the CAO’s thorough review and examination to provide cost savings and prioritized improved services to our citizens.

REDISTRIBUTION OF RACETRACK SLOT DEDICATED REVENUE

The City of New Orleans and entities in the city receive state and local tax proceeds from the slots at the New Orleans Fairground Race Track. The legislature allows for the City to charge a 4% local tax on Fairgrounds slots, which is roughly $1.4 Million annually. For the state taxes, there are several funds that collectively are part of Orleans Parish’s distribution of the Pari-Mutuel Live Racing Gaming Control Fund also known as the "slots at the tracks" funds. One local entity receives a portion of net fees, fines, revenues, and state taxes collected by slots from all racetracks, but most funds impacting entities in Orleans Parish are derived from taxable net slot machine proceeds solely from slot machine activity at the New Orleans Fairgrounds. The funds allocating most Fairgrounds state tax proceeds were created in the **2005 Regular Session in Act 430**. With the exception of the New Orleans Sports Foundation Fund, administered by the Louisiana State Exposition District, these are all appropriated in the Legislature’s general appropriations bill. The statute governing the distribution of monies of all race track slot tax dollars is found in **RS 27:392**.

The FY20 appropriation for each fund from state taxes:

Fund	Appropriation
Orleans Parish Excellence Fund (5% Fairgrounds)	$349,241 to the Orleans Parish Excellence Fund to assist with Allied Health Nursing Program
Beautification and Improvement to New Orleans City Park Fund (30%, $2M max Fairgrounds)	$1,900,196 to the New Orleans City Park Improvement Association
Beautification and Improvement to New Orleans City Park Fund ($200K from net proceeds of all tracks)	$200,000 to the City Park Improvement Association
Algiers Economic Development Foundation Fund (20%, $100k max Fairgrounds)	$100,000 to the Algiers Economic Development Foundation
New Orleans Urban Tourism and Hospitality Training in Economic Development Fund (20%, $100K max Fairgrounds)	$100,000 to New Orleans Urban Tourism and Hospitality Training and Economic Development, Inc. (Repealed by Act 612 of 2018, Effective July 2020)
Beautification Project for New Orleans Neighborhoods Fund (5%, $100K max Fairgrounds)	$100,000 to Beautification Project for New Orleans Neighborhoods, Inc.
Friends of NORD Fund (5%, $100K max Fairgrounds)	$100,000 to Friends of NORD, Inc.
Greater New Orleans Sports Foundation Fund (20%, $1M max Fairgrounds)	$1,000,000 to the Greater New Orleans Sports Foundation
New Orleans Sports Franchise Assistance Fund (balance of slots at Fairgrounds)	$2,749,852 to the Louisiana Stadium and Exposition District in the Executive Department

*information obtained by Legislative Fiscal Office, Gaming Control Board and Louisiana House of Representatives Fiscal Staff

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The City Council and Cantrell Administration should review this information with the Orleans Delegation to determine if these recurring state tax gaming revenues are being appropriated toward the most critical needs. If changes are necessary, then legislation can be introduced for the 2020 Legislative session.

RAISE REVENUE FROM TAX EXEMPT PROPERTIES

Due to the growing needs in New Orleans, it's imperative to take a close look at possibilities to expand the property tax base. For many years, discussion has centered around non-profit tax exemptions. **Article 7:21** of the Louisiana Constitution provides property tax exemptions for nonprofits including many cultural, fraternal, civic, tourism and carnival organizations. The definitions for the exemptions are overly broad and out of step with national norms. According to data from the Bureau of Governmental Research, there are roughly 4,000 ad valorem tax exempt nonprofit properties in New Orleans with a valuation of close to $4 Billion.

Changes to these exemptions requires a 2/3 vote in both chambers of the Louisiana Legislature along with a ballot initiative. There have been attempts in the legislature to narrow the exemptions, but none has gained traction. During a presentation to this Committee by former legislators Senator JP Morrell and Representative Neil Abramson, both spoke about the unlikelihood that revisions to the exemptions would receive support of a super majority of the Louisiana Legislature. Both of these former legislators, who chaired taxing committees, indicated that the best approach would be to attempt to collect from these nonprofits on the local level via a local initiative.

Based on this information, the Council then initiated work toward carefully crafting a parcel fee for nonprofits. In October 2019, the Council — through Motion M-19-386 — formed a task force focused on recommending an appropriate fee structure for nonprofits exempt from ad valorem taxes. The Task Force on Nonprofit Parcel fees has three duties provided in the enabling legislation: determine parameters for the annual service charge, service charge amounts, and number of years of applicability. The Louisiana Budget Project has stepped in to provide resources to the Task Force. It is critical for the City Council to receive proper engagement from nonprofits, for that reason, all appointees on the Task Force must represent a nonprofit tax-exempt organization. A report by the Task Force is expected in late spring or summer to ensure the ballot measure is considered by the end of 2020.

The City Council, beyond this step, should continue to explore options toward expanding the tax base. Overall, expanding the pool of payers and having more organizations begin to pay their fair share, will help reduce all of the burden being placed on citizens.

ENSURE FAIR AND PROPER ASSESSMENT OF PROPERTIES

Oversight on property tax exemptions could lead to an influx of potentially millions of dollars for the City. Homestead exemptions and exemptions through the Industrial Tax Exemption Program (ITEP) are just two examples where additional scrutiny is needed.

The State of Louisiana provides a tax break called a homestead exemption that deducts the first $75,000 off the value of a person's primary residence. Throughout the state there have been efforts to cut down on fraudulent homestead exemptions. In March of 2018, then-Councilmember Stacy Head pushed for a major audit of

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homestead exemptions in New Orleans. The data provided at that time was that there were 116,485 residential properties in the city and 65,819 with homestead exemptions. That spring, the city entered into contract negotiations with a company named Assessure to conduct the audit. Based on their assessment, Assessure could find roughly $9 Million in fake homestead exemptions in New Orleans. Contract negotiations ultimately stalled awaiting other agencies that would benefit from Assessure services agreeing to pay their share of Assessure's fees.

Nonetheless, the City pushed forward with **Act 385 of the 2019 Legislative Session** authorizing the City of New Orleans to establish a homestead exemption audit program and provided for penalty fees for those found to be in violation. The legislation calls for enforcement administered by a third party of experts. This necessary audit should take place and this Committee supports starting this process.

When it comes to ITEP exemptions, close to $1 Million of recurring tax dollars were added back to the rolls after a presentation to this committee revealed certain Industrial Tax Exemptions had expired, yet properties were mistakenly still exempt from taxation. The Louisiana Board of Commerce and Industry approves the property tax exemptions and a recent executive order by Governor Edwards now allows for local governments to also have input. The tax exemptions are for a total of ten years, but the company must file for a renewal at the five-year point. The exemption was recently reduced from 100% to 80%. Now that the Council has put in place local requirements to approve industrial tax exemptions, the City must partake in the review process of applications and monitoring of compliance. This should act as safety net for the Orleans Parish Assessor who has stated he does not monitor the exemptions, but awaits for notice from the state of termination or expiration. The City should proactively ensure that industrial tax exemptions are current and meeting the terms of their agreement.