



## LEE ZURIK INVESTIGATIONS

# Zurik: Watchdog, Community members say New Orleans company owes millions on years-old improvements

Folgers has delayed decision on tax exemption for projects started in 2017

By Lee Zurik and Cody Lillich | August 19, 2020

A watchdog group and members of the community are asking why a major New Orleans employer is asking for a tax exemption on years-old additions made to their facilities.

The watchdog group **Together New Orleans** says Folgers Coffee Company, with two locations in New Orleans East, should owe the city millions in taxes on additions at their plants dating back to 2017.

It has people like Shawn Anglim, who helped create Morris Jeff Community School, concerned for the entities that could be receiving much-needed tax money during a pandemic.

“We are not really asking for much we’re asking for Folgers to follow the law,” Anglim said.

The law Anglim mentioned, requires businesses like Folgers to pay taxes on personal property, machinery, equipment and merchandise.

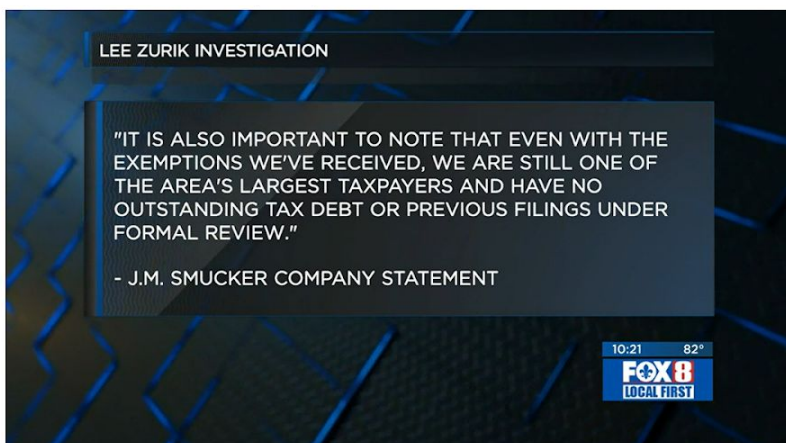
Starting in 2017, state records show Folgers made several investments at a facility in New Orleans.

“They file these advance notices which gives advance notice to the government that they’re going to be spending this money,” Joel Waltzer, an attorney and volunteer for the watchdog group Together New Orleans, said. “It’s kind of a corporate confession that we’re about ready to add to the value to our property.”

Records show Folgers started improvement projects, labeled as plant additions, in 2017, and completed them in 2018. But since that time, Folgers has not paid taxes on the additions.


“This is about the corporate double standard that we have that everyone, all taxpayers, have to pay their taxes and report their property except for Folgers apparently,” Waltzer said.

When companies like Folgers make these improvements they apply to the State Commerce and Industry Board to try and get those improvements exempt from additional taxes. For Folgers’ improvements that started in 2017, they filed an advance notification with the state and three



months after the work was completed, in July 2018, they submitted an application to receive the exemption.

[2017 ADDITIONS \(p. 5\)](#)



**LOUISIANA.**  
Custom-Fit Opportunity.

**FOR OFFICE USE ONLY**

RECEIVED DATE \_\_\_\_\_

ID # \_\_\_\_\_

INITIALS \_\_\_\_\_

## Business Incentive Program

### ADVANCE NOTIFICATION

---

**SECTION-1: BUSINESS INFORMATION**

DATE 08/01/2016      ADVANCE NOTIFICATION # 20161619

BUSINESS NAME Folger Coffee Company      PARISH PROJECT IS LOCATED Orleans

PROJECT'S PHYSICAL ADDRESS 5500 Chef Menteur Highway New Orleans, LA 701265036

MAILING ADDRESS 1 Strawberry Lane Orrville, OH 44667

PROJECT NAME (OPTIONAL) Annual Plant Additions      NAICS CODE 31192

PROJECT BEGINNING DATE 08/01/2016      PROJECT ENDING DATE 07/31/2017

PROJECT TYPE Addition

PROVIDE A DESCRIPTION OF THIS PROJECT  
Annual Plant Additions

---

**SECTION-2: ESTIMATED COSTS**

ESTIMATED INVESTMENT COSTS		ESTIMATED NUMBER OF JOBS		ESTIMATED PAYROLL	
Building & Material	\$300,000.00	New	0	New	\$0.00
Machinery & Equipment	\$1,600,000.00	Existing	234	Existing	\$24,700,000.00
Labor & Engineering	\$800,000.00	Construction	7	Construction	\$1,400,000.00
<b>Total Investment</b>	<b>\$2,700,000.00</b>		<b>241</b>		<b>\$26,100,000.00</b>

---

**SECTION-3: GAMING**

IS THERE GAMING ACTIVITY AT THIS PROJECT SITE? No

ARE ANY OWNERS INVOLVED IN ANY GAMING ACTIVITIES ELSEWHERE? No

But two weeks later, the Louisiana Economic Development Department says it asked Folgers for additional information about the request, a clarification on new job creations, and for Folgers to reformat a breakdown of purchases to remove extraneous information.

The state sent that request to Folgers on November 15, 2018. Folgers took fifteen months to respond, sending a response on February 26, 2020. With the delayed response, Folgers prolonged a vote on their tax exemption that might allow the company to not pay additional taxes.

When the economic development department received the additional information, they processed the application as 'board ready', meaning ready for their vote on a tax exemption. But before the vote, Folgers delayed any action.

FOX 8 asked the state why Folgers requested the delay, but the state responded, "The company is not required to provide a reason for its request to defer."

Two years since Folgers completed the improvements, the company has not paid any additional taxes and has not received an exemption.

Orleans Parish Assessor Erroll Williams said the company has been a good taxpayer with the parish and it is not his job to question the exemption or lack thereof, but to assess what the commerce and industry board decides on the exemption.

“My job is not to approve or disapprove the contract, my key comes off when they send me the affidavit of final costs. At that point in time, it’s placed on the tax rolls.” Williams said. “If it’s one year, two years, three years later, my requirement is to place it on the tax rolls when commerce and industry says that its taxable or from the date which they say it is not taxable.”

Williams did say if the board decided to not reward Folgers the exemption, the company would owe taxes from when they started the project.

New Orleans City Council Vice President and former state legislator Helena Moreno said it is time for the coffee company to pay up.

“To see someone’s trying to go in for a tax exemption or break because they didn’t file their taxes from several years ago and now they want the exemption, I just think that’s really ridiculous and to tell you the truth, you know, I’m kind of offended by it as well,” Moreno said.

Moreno hopes when the commerce and industry board finally decides on the company’s exemption, she hopes they vote no.

***“If they are to get this exemption I think that’s just a complete slap in face to good government and it should be something that the everyday taxpayer of this city is completely appalled about.”***

Together New Orleans wants the Assessor and City of New Orleans to act now and force Folgers to pay.

“I’m asking Folgers to step up and do their part for my children, for our public schools, for our city,” Anglim said. “This is not something extra we’re asking for it’s not charity. it’s being a good citizen and a good member of the city that you are a part of.”

The J.M. Smucker Company, the parent company of Folgers, declined our request for an interview on this story but said they “have consistently acted within the outlined legal processes of the ITEP [Industrial Ad Valorem Tax Exemption Program] – both in terms of our response times and requests for hearing deferrals. We have taken a thorough approach to ensure we are providing those evaluating our requests complete and accurate details. We believe this is important and in the best interest of all involved, including the local community. It is also important to note that even with the exemptions we’ve received, we are still one of the area’s largest taxpayers and have no outstanding tax debt or previous filings under formal review.”

#### **Full Statement from The J.M. Smucker Company:**

*“Thank you for the opportunity to discuss past and upcoming tax incentive applications via your station. While we understand there are individuals who do not support the ITEP program as it is currently structured, we are one of several businesses in New Orleans participating in the program, which several cities and states have in place to encourage and drive local economic growth. Despite these exemptions, we are still one of the area’s largest taxpayers. Our presence provides 750 jobs locally with stable, above-average compensation and contributes to the success of many local businesses. These incentives were a factor in us consolidating our coffee operations from other cities to New Orleans and they allow us to continue to invest and grow our local operations, which we have for the last decade. We are following the outlined process and have no outstanding tax debt or previous filings under formal review. Given that, our focus is on producing coffee and continuing to support our local communities while keeping all local officials informed of our current actions and*

*answering any questions they may have about applications filed before they were formally included in the ITEP process.”*