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## BGR Media Release

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## BGR Reviews Tax Propositions in Orleans, St. Bernard Parishes

The Bureau of Governmental Research today releases *On the Ballot: Orleans and St. Bernard Parishes, May 2, 2015*. The report explains, analyzes and takes positions on two proposed taxes in New Orleans and one proposed tax in St. Bernard Parish. Find the report at [www.bgr.org](http://www.bgr.org).

### ORLEANS PARISH

#### Law Enforcement District Tax

Currently, the Orleans Parish Law Enforcement District levies a 2.8-mill property tax dedicated to servicing general obligation bonds that voters authorized in 2008. The millage rate, which is set each year at a level necessary to cover principal and interest payments, is projected to decline in the coming years as the bonds are retired.

The district is proposing a new, 10-year tax that would essentially capture for other purposes the portion of the current millage that the district would no longer need for debt service. The new tax would be levied at 2.8 mills minus the rate of the current tax. As a result, the millage rate of the new tax would increase as the rate of the current tax decreases, keeping the total millage levied by the district at the current 2.8 mills.

A 2013 federal consent decree mandates sweeping and costly reforms to address long-term problems at the jail. The proposed tax is an attempt to provide a portion of the funding needed to comply with the decree without cutting into the budget of the city (which is responsible for covering the cost of housing inmates) or raising the Law Enforcement District's current tax rate.

The proposition is the same as one that voters rejected last November, except that the rate has been reduced from 2.9 mills to 2.8 mills.

**BGR Position:** FOR. BGR is extremely concerned about the governance of the Law Enforcement District and the sheriff's contracting practices and

believes that major reform is needed. BGR is supporting the tax proposition only because it is clear that the public will have to directly or indirectly provide additional revenue to implement the costly court-ordered reforms at the parish prison.

The court's oversight provides some assurance that the sheriff will spend the additional tax revenue to implement the mandates of the 2013 federal consent decree. However, the public is entitled to transparency and accountability. Accordingly, the sheriff should regularly report to the public on the use of the new tax revenues.

## **Library Tax**

Voters in New Orleans will decide whether to approve a new, 2.5-mill property tax levied to support the Library system. The new tax would take effect in 2016 and remain in place for 25 years, expiring in 2040.

As library facilities were rebuilt and expanded post-Katrina, the Library system began operating with a structural deficit. It has been closing the spending gap by drawing on reserves. Between 2012 and 2014, it consumed an average of \$2.7 million a year for that purpose. Part of the new millage would be used to eliminate the structural deficit, and the remainder would be used for improvements to service, such as increased hours of operation.

The Library's structural deficit indicates that it cannot sustain its current level of operations, much less expand, without additional revenues. BGR supports a properly funded library system. However, it also believes that any request for increased millage should be preceded by careful planning for the system and be based on accurate numbers. Here, the Library is falling short. The system was rebuilt after Katrina without a strategic plan or comprehensive rethinking of the system. To date, there is no such strategic plan for the future. The Library has indicated that it plans to create one after its funding improves.

BGR encountered problems with the numbers provided by the Library. For example, the Library's projected expenditures from the new millage exceed revenue projections based on the city's 2015 budget by approximately \$1 million. In addition, the cost of service cuts if the millage did not pass exceeded the related revenue loss by a significant amount. When BGR pursued the matter, it learned that the Library's publicly announced impacts from the failure of the proposition – a 35% decrease in hours of operation, closing of half of its branches, *and* decreased funding for collections, programs and technology – were possible alternatives not certainties. The Library has not yet decided what it will do if the millage fails.

*BGR Position:* AGAINST. BGR is supportive of a properly funded library system. However, the Library should not ask voters for additional revenue without presenting a well-conceived strategic plan, based on sound numbers, for the future. Unfortunately, there is no such plan. The city and the Library created the system's current structural deficit by reopening and adding libraries without a strategic plan, and the Library has not yet articulated one.

BGR notes that the Library has adequate funding until mid-2016. It urges the Library to go back to voters in the fall with a well-developed plan showing that the new tax revenue will go toward a system that best meets the public's needs.

## **ST. BERNARD PARISH**

### **Levee District Property Tax**

Voters in St. Bernard Parish will decide whether to approve a new, 7.5-mill property tax to support the Lake Borgne Basin Levee District. The new tax would take effect in 2015 and remain in place for 30 years, expiring in 2044.

Prior to Hurricane Katrina, the Levee District's responsibilities included 60 miles of levees and 14 floodgates. Since Katrina, the federal government has invested \$1.4 billion in flood protection infrastructure in St. Bernard Parish. As a result, the Levee District's responsibilities have expanded to include 23 miles of new floodwall, 19 additional floodgates and a portion of the surge barrier wall across the Mississippi River Gulf Outlet, Bayou Bienvenue and the Gulf Intracoastal Waterway.

In addition, the Levee District handles most of St. Bernard's drainage system. This includes 55 miles of drainage canals and eight pump stations. Seven of the eight pump stations are located along the Back Levee System and reduce flooding risks by pumping water out of the populated area of St. Bernard Parish into the adjacent wetlands. St. Bernard Parish handles minor drainage, such as catch basins and smaller subsurface pipes.

*BGR Position:* FOR. The Lake Borgne Basin Levee District's flood protection responsibilities in operations and maintenance have increased significantly in recent years. Should voters reject the millage, drainage needs in St. Bernard Parish will suffer, increasing the risk of flooding and possibly resulting in higher flood insurance rates.

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*BGR is a private, nonprofit, independent research organization. Since its founding in 1932, it has been dedicated to informed public policy-making and the effective use of public resources in the Greater New Orleans area. For more information call 504-525-4152 or visit BGR's website, [www.bgr.org](http://www.bgr.org).*