OFFICE OF LEGISLATIVE AUDITOR
Fiscal Note

Date: May 15, 2014
Dept./Agy.: Orleans Parish Governing Authority

Subject: Increases Maximum Mills for Fire and Police Protection

Author: LEGER

TAX/AD VALOREM TAX
(Constitutional Amendment) Provides relative to ad valorem taxes for fire and police protection in Orleans Parish

Purpose of Bill: This bill allows the governing authority of Orleans Parish (City of New Orleans) to increase millage rates for fire and police protection from 5 mills to 10 mills. In addition, this bill prohibits the City from funding fire and police protection at levels below the calendar year 2013 funding level. Furthermore, this bill requires that the revenues generated by these millages shall be used solely for fire and police protection services that directly contribute to the safety of the residents of Orleans Parish.

The impact of this bill is dependent upon approval of the constitutional amendment by Louisiana electors at the statewide election scheduled for November 4, 2014, and the subsequent approval of the tax proposition by Orleans Parish electors at an election held for that purpose.

This bill may increase local fund expenditures for the City of New Orleans by maximum of approximately $500,000 for election costs in fiscal year 2014-15. The bill may also increase local fund expenditures by approximately $31.6 million beginning in fiscal year 2015-16 and increasing annually to approximately $34.6 million by fiscal year 2018-19, as the additional tax revenue is used.

There would be no additional election costs to propose this constitutional amendment, as the November 4, 2014 statewide election is included in current budgets. However, if the amendment is approved, the special election to propose the tax increase may cost the City of New Orleans a maximum of approximately $500,000 in local funds, according to an official with the Louisiana Secretary of State’s office. An official with the City of New Orleans indicated that the local election for the tax proposition would be held in fiscal year 2014-15.

If the tax proposition is approved by voters in Orleans Parish, local fund expenditures for the City of New Orleans may increase by approximately $31.6 million beginning in fiscal year 2015-16 and increasing annually to approximately $34.6 million by fiscal year 2018-19, as the additional tax revenue is used for fire and police services as required by this bill.

REVENUE EXPLANATION
If approved by voters, this bill may increase local fund revenues for the City of New Orleans by approximately $31.6 million beginning in fiscal year 2015-16 and increasing annually to approximately $34.6 million by fiscal year 2018-19.

Assuming the constitutional amendment and the tax proposition are both approved by voters, this bill may increase local fund revenues for the City of New Orleans by approximately $31.6 million beginning in fiscal year 2015-16 and increasing annually to approximately $34.6 million by fiscal year 2018-19, according to an official with the City of New Orleans. This estimate is based on the current tax assessments and property tax collection rate for Orleans Parish. This estimate is net of 2% of the taxes levied required to be transferred to the Orleans Parish Board of Assessors and approximately 1% of the tax collections required to be transferred to various retirement systems.

Date: May 15, 2014
9:56 AM

Author: LEGER

Analyst: Becky Ewing

Off. Leg. Auditor

Joy Irwin
Director of Advisory Services