



OFFICE OF LEGISLATIVE AUDITOR
Fiscal Note

Fiscal Note On: HB 489 HLS 14RS 434
Bill Text Version: ENROLLED
Opp. Chamb. Action:
Proposed Amd.:
Sub. Bill For.:

Date: June 4, 2014 3:36 PM Author: BISHOP, WESLEY
Dept./Agy.: City of New Orleans Analyst: Misty Perry
Subject: Sale of Property

PROPERTY/ABANDONED EN SEE FISC NOTE LF RV See Note Page 1 of 2
(Constitutional Amendment) Authorizes the sale of certain property in the Lower Ninth Ward of the city of New Orleans by the city

Purpose of Bill: This measure would authorize the governing authority of the City of New Orleans to sell, at a price the Legislature may set, the property located in the Lower Ninth Ward to qualified purchasers as provided by law. It would also amend the constitution to include this sale in the list of exceptions to the prohibition on the state donating property.

Table with 7 columns: EXPENDITURES, 2014-15, 2015-16, 2016-17, 2017-18, 2018-19, 5 -YEAR TOTAL. Rows include State Gen. Fd., Agy. Self-Gen., Ded./Other, Federal Funds, Local Funds, and Annual Total.

Table with 7 columns: REVENUES, 2014-15, 2015-16, 2016-17, 2017-18, 2018-19, 5 -YEAR TOTAL. Rows include State Gen. Fd., Agy. Self-Gen., Ded./Other, Federal Funds, Local Funds, and Annual Total.

EXPENDITURE EXPLANATION

There may be an increase in local government expenditures as a result of this measure.

According to an official with the City of New Orleans, this measure refers to vacant lots located in the Lower Ninth Ward that were acquired prior to January 1, 2015, through the Louisiana Road Home program that are either owned by the New Orleans Redevelopment Authority or the authority has been tasked with management and disposition of the property.

At the time this fiscal note was published, we had not received any information from the New Orleans Redevelopment Authority (NORA) regarding any potential expenditures necessary to accomplish the sale of property provided for in this measure. However, we have concluded that costs for the Authority may be less than those of the City due to reduction in administrative tasks such as blighted property identification.

Update: According to the official with NORA, there may be a decrease in expenditures because NORA would no longer incur costs for maintenance and insurance if these properties are sold.

Expenditure Explanation continued on page 2.

REVENUE EXPLANATION

There may be an increase in local government revenues as a result of this measure.

The increase to local government revenues due to the sale of such property is indeterminable as it is dependent upon the price set by the Legislature and the number of properties sold. From our analysis, if properties are put back in commerce, the city would realize property tax revenues that are currently not being collected.

According to an official with the City of New Orleans, the property taxes are not collectible on these properties; therefore there is no additional decrease in property tax revenues anticipated as a result of this measure.

At the time this fiscal note was published, we had not received any information from the New Orleans Redevelopment Authority (NORA) regarding any additional potential impact on revenues. Expenditure explanation continued on page 2.

Update: According to the official with NORA, there may be a decrease in revenues if these properties were sold for less than the appraisal value, which is approximately \$4,000 per property. There are currently 602 Road Home properties in the Lower Ninth Ward.

- Senate Dual Referral Rules House
13.5.1 >= \$100,000 Annual Fiscal Cost {S&H}
13.5.2 >= \$500,000 Annual Tax or Fee Change {S&H}
6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}
6.8(F)(2) >= \$500,000 State Rev. Reduc. {H & S}
6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

Joy Irwin
Director of Advisory Services



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CONTINUED EXPLANATION from page one:
Expenditure Explanation Continued (from page 1)

According to an official with the **Secretary of the State's Office**, there would be no additional election costs for this bill, as the office routinely budgets for up to 10 constitutional amendments.

Senate Dual Referral Rules House 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}

13.5.1 >= \$100,000 Annual Fiscal Cost {S&H} 6.8(F)(2) >= \$500,000 State Rev. Reduc. {H & S}

13.5.2 >= \$500,000 Annual Tax or Fee Change {S&H} 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

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