



IN BRIEF

NEW ORLEANS FIRE AND DRAINAGE TAXES On the Ballot: December 10, 2016

The Propositions

On December 10, voters in New Orleans will decide the fate of two property tax propositions: a tax increase for fire protection services and a tax renewal for the Sewerage & Water Board's drainage system. This report provides an explanation of both tax propositions. It explores the arguments for and against them, and offers positions to assist voters in making informed choices.

TAX INCREASE FOR FIRE PROTECTION

What It Would Do

New Orleans voters will decide whether to increase property taxes for fire protection services by 2.5 mills. The tax would yield an estimated \$8.9 million a year; the homestead exemption would not apply to it. The tax would be in effect for 12 years, beginning in 2017.

Key Considerations

- The homestead exemption would not apply to the tax.
- The City plans to use the revenue to help pay settlement costs for tens of millions of dollars in legal judgments it owes to firefighters and their beleaguered pension fund.
- If voters reject the tax, the City must use other revenues to cover the settlement costs.
- If the tax passes, firefighters who did not receive state-mandated raises decades ago would receive back-pay payments from the City on an expedited schedule.

BGR Position

FOR. The fire tax will provide a temporary funding source to help resolve large, longstanding City obligations to firefighters. Without the tax, the City would have to cut other areas of the budget in order to meet these obligations.

SEWERAGE & WATER BOARD DRAINAGE TAX RENEWAL

What It Would Do

Voters in Orleans Parish will decide whether to renew a property tax to support the Sewerage & Water Board's drainage system. The tax, currently levied at 4.66 mills, would be renewed at 4.46 mills. The renewal would take effect in 2017 and remain in place for 30 years, expiring in 2046.

Key Considerations

- The S&WB's dedicated drainage taxes are fully absorbed by current expenses and required operating reserves.
- The property tax renewal would continue the drainage system's current levels of funding and operations.
- Without the property tax renewal, the drainage system will lose 28% of its annual revenue starting in 2017.
- Without the renewal, the S&WB could use reserves to pay for drainage expenses, but would run out of money by 2020.

BGR Position

FOR. The drainage system is among the most critical components of New Orleans' infrastructure, and the property tax is vital to the maintenance of that system.

Read the full report at www.bgr.org.