



# BGR Outlook on Jefferson

*Tax Renewal on March 27  
Election Ballot*

March 1999

## Introduction

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Presented in this report are four dedicated property tax millages up for renewal in the March 27th election in Jefferson Parish. BGR takes no position for or against these propositions. Our goal is to provide the public with a brief description of the services to be provided and the estimated costs if the millage proposals are approved. All four of the propositions provide for the continuation of basic services such as public transportation, recreation, and fire protection at existing authorized millage levels.

Though the millage proposals themselves are routine, their combined presence on the ballot raises a broader issue: Is the special taxing district revenue structure, which is the foundation of Jefferson Parish government finances, the best way to fund local government services?

The parish is overlaid with a patchwork of 31 special taxing districts, each tied to a “special revenue fund”. Special taxing districts can vary in size from a few precincts to parish-wide, and only district residents can vote on these issues. Combined special taxing district revenues accounted for about 56 percent of 1998 Jefferson Parish government operating revenue. [See](#)

[table](#).

Government by special taxing district has some advantages. Residents are able to develop services they might not otherwise receive, and these dedicated funds cannot be diverted for other purposes. But the proliferation of special taxing districts also brings substantial drawbacks that include a lack of flexibility in allocating local resources, fragmentation of services, taxing inequities, and an essentially undemocratic approach to the provision of government services.

The 31 special taxing district funds are among the total of 50 dedicated special revenue funds that provide 78 percent of 1998 operating revenues. Operating income for the remaining special revenue funds is derived from other dedicated sources including sales taxes, user fees, and gaming revenues.

In addition to the special district millages discussed in this report, the Parish administers 11 other property tax-based special taxing districts (only one of which is parish-wide) dedicated to general obligation bonds.

Note that in Jefferson Parish, property taxes are billed at the end of the tax year. Therefore, 1998 taxes are actually collected in 1999. All proposed renewal millages included in this report, though they became effective in 1999, will not be collected until calendar year 2000.

All millage assessments are subject to the homestead exemption. Approximately 69 percent of west bank and 75 percent of east bank residential properties are homestead exempt.

# The Propositions

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Two districts listed below are coterminous with the parish, one consists of the parish's west bank, and one is composed of just nine west bank precincts. They were placed on the ballot by parish council resolution on November 4, 1998.

### ***Parish Public Transportation System - Renewal***

This proposition, if approved by voters, will extend for an additional ten years the collection of a two mill property tax on all property subject to taxation in the parish, for the maintenance and operation of the parish's public transit system.

In 1997, this millage produced \$2.5 million in revenue and is projected to generate \$2.6 million in 1999. Total revenue for Public Transportation System is budgeted at \$4 million for 1999. The majority of remaining 1999 revenue is derived from state appropriations (\$995,000) and federal grants (\$200,000).

The Parish contracts for transit services with two separate companies, one for east bank transit (\$1.4 million) and one for the west bank operations (\$1.3 million). These contractual expenditures are budgeted as "purchase of services - professional and technical" and account for 75 percent of transit operating costs.

Salaries and employee benefits for Transit Administration are budgeted at \$123,000 for 1999. "Professional services" (\$200,000), "other services" (security guards at \$190,000), and a variety of overhead and indirect costs account for the balance of 1999 budgeted expenditures.

Transit Administration entered fiscal year 1998 with a fund balance of \$1.7 million dollars, an amount equal

to 43 percent of projected 1998 amended revenues.

***Parish Public Transportation – Physically  
Disadvantaged and Elderly - Renewal***

If approved, this proposition will extend for an additional ten years the collection of a one mill property tax on all property subject to taxation in the parish for the maintenance and operation of the parish's Mobility Impaired Transportation System (MITS) for individuals unable to use regular public transportation. The millage was initiated in 1989 and the renewal would commence with calendar year 1999.

One mill will generate approximately \$1.35 million annually (at 100% collection) or about 95 percent of total budgeted 1999 MITS revenues of \$1.4 million.

The Parish contracts with East Jefferson Hospital for operation of MITS. Contractual expenditures are budgeted as "purchase of services - professional and technical" and account for over ninety percent of annual operating costs.

MITS began 1998 with a fund balance of \$688,000, almost 50 percent of 1998 amended revenues.

***Fire Protection District #4 (Lafitte/Barataria)-  
Renewal***

Renewal of the proposed 15-mill assessment on all taxable property in Fire Protection District #4 will provide the district with revenues to fund fire protection operations for an additional ten years. This district is composed of nine precincts in the Lafitte/Barataria area. Renewal would begin with calendar year 1999.

Revenue from the millage for 1998 (collected in 1999) is projected at \$320,000 and provides for 95 percent of the fire district's adopted 1999 operating budget of

\$340,000. Projected millage revenues are down compared to 1997 revenues of \$382,000 as a result of lower taxable assessments in the district.

The Parish contracts with the Lafitte Volunteer Fire Department for fire fighting services. Contractual services are budgeted as “purchased services – professional and technical” and account for all expenditures.

The district began 1998 with a fund balance of \$47,600, about 14 percent of amended 1998 revenues.

***West Jefferson Consolidated Recreation and Community Center and Playground District No. 1 - Renewal***

This Proposition provides for renewal of a property tax assessment of ten mills on all taxable property in the district to be used for the maintenance and operation of 26 public parks and recreation centers for ten years beginning with calendar year 1999. The district is composed of the unincorporated portions of the west bank of Jefferson Parish (72 precincts). West bank playgrounds 1 and 2 were consolidated in 1992.

Projected revenue from the millage for 1998 (collected in 1999) is \$3.4 million per year or 68 percent of adopted 1999 district operating revenues of \$5.2 million. The majority of remaining revenue is derived from a \$1.25 service charge added to west bank water bills and user fees.

Almost 60 percent of outlays are for salaries and employee benefits for 120 full-time and part-time staff. A portion of the district’s budget (\$168,000 in 1999) is used to fund the Recreation Director’s office, which is also responsible for supervising operations of the East Bank Consolidated Playground and Lafreniere Park.

The district began 1998 with a fund balance of \$3.2

million, roughly 60 percent of 1998 amended revenues.

# Commentary

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Jefferson Parish government is highly dependent on special taxing districts and other dedicated revenues for the provision of basic government services.

The table on page 2 lists 31 special taxing districts in Jefferson Parish that in 1997 generated \$86 million dollars in income from property tax millages alone. These taxes equal 63 percent of special district revenues, 35 percent of total 1998 parish operating revenues. The Parish establishes special revenue funds to account for the revenues and expenditures in each of these districts.

# Positives

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Special taxing districts have some positive aspects.

Special taxing districts provide a means for citizens to obtain needed services by overcoming the funding obstacles (political and financial) often associated with general purpose government.

Government administrators working within a special taxing district environment do not have to adopt a “spend it or lose it” attitude with regard to their revenues. Funds are dedicated to a specific use and cannot be diverted and used for another purpose.



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## Negatives

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Government funding by special taxing district, however, has several significant drawbacks:

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Lack of flexibility in allocation of resources.

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Three of the four special districts up for renewal carried fund balances of from 42 to 60 percent of their annual operating revenues into 1998. Only Fire District #4, as a result of a declining property tax base, carries a relatively small fund balance from year to year. Because the use of special tax district revenues is limited to the district, none of the large West Jefferson Playground fund balance, for example, can be used to supplement declining revenues in the west bank's Fire District #4.

As shown on page 2, these districts had a total 1997 year-end fund balance of \$42 million or 31 percent of total revenues for the districts. Large fund balances suggest that some districts may not require the same level of support from year to year that is derived from these dedicated funding sources.

### **Fragmentation of parish services.**

The Parish's 31 special taxing districts include eight fire districts, four recreation districts, three garbage districts, three drainage districts, two road lighting districts, and two ambulance districts.

### **Taxing inequities**

The amount of revenue generated per mill varies greatly from area to area in Jefferson Parish, and, as a result, individual taxpayers in different neighborhoods in the parish pay different amounts for the same service. For example, one mill levied on the unincorporated east bank of the parish generates about \$767,000 but only \$377,000 on the unincorporated west bank of the parish.

### **Other inequities**

Special taxing districts are inherently un-democratic. Residents of relatively high-income areas can vote themselves services that lower income areas without a sufficient tax base cannot afford.

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BGR is cognizant of Jefferson Parish government's concern for the proliferation of special taxing districts and the parish's on-going consolidation efforts to reduce the number of districts. Parish sewerage and waterworks operations have already been consolidated, and a plan is in place to unify garbage services.

However, the creation by the Parish Council of new special taxing districts (one in 1998 and one in 1999 subject to voter approval) to provide enhanced security in two neighborhoods, diminishes at least the perception of the progress being made in the consolidation process