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ON THE BALLOT

A Report from the Bureau of Governmental Research

JEFFERSON DRAINAGE PROPERTY TAX RENEWAL, NOVEMBER 6, 2018

INBRIEF

Voters in Jefferson Parish, with the exception of Grand Isle, will decide whether to renew a 5-mill, 10-year property tax dedicated to drainage works. The Parish projects the tax would yield an estimated $16.9 million annually. If voters renew the tax it would run from 2021 through 2030.

Key Background and Findings

- Renewal of the tax would reset its current rolled-back rate of 4.73 mills to the previously authorized maximum rate of 5 mills. This would result in a slight tax increase of 0.27 mills, beginning in 2021. For example, the tax for a homestead-exempt property valued at $220,000 would increase $3.97 from $69.53 to $73.50 a year.

- Jefferson Parish has levied the millage since 2001. Its original purpose was to provide local matching funds for the federal Southeast Louisiana Urban Flood Control (SELA) program, which ran from 1995 to 2018 and resulted in 67 drainage projects with a total investment of $934 million. In 2007 voters expanded the dedication to allow surplus revenue to pay for additional drainage projects that are ineligible under SELA.

- During the next three decades, the Parish must repay certain SELA investments that the federal government funded up front. The Parish estimates annual SELA payback costs of $6.1 million beginning in 2019. The Drainage Department anticipates that it will use the remaining $11 million in annual SELA tax revenue for non-SELA capital projects.

- The Department's five-year capital plan consists of 53 projects with total costs of $237 million. The Department will pay for this work with at least $129 million from its $149 million capital fund balance and the remainder will come from annual drainage tax revenue. In 2017, SELA millage revenue provided just under $16 million, or about 38% of annual revenue for drainage capital projects.

- BGR evaluated whether the tax is necessary. Although the Parish has other sources of drainage funding that it could reallocate to the SELA payback, none of these sources would cover the full cost without taking needed funding from other departments. The Parish would also not be able to make up about $11 million in tax revenue for other capital projects that would be lost without the millage.

- BGR evaluated whether the tax is appropriately sized. The Parish maintains a substantial drainage capital fund reserve to support a continuous flow of drainage projects and to deal with drainage emergencies. Renewing the tax would maintain the Department's current pace of work toward addressing a major infrastructure need in Jefferson.

- Finally, BGR evaluated whether the tax revenue would be well spent. The Department bases its master plan on constantly updated computer models that identify the areas of the parish most at risk of severe flooding. Department officials maintain that completion of these projects could ultimately help lower insurance rates for some areas. Further, the Parish is in discussion with the federal government on additional SELA projects. Renewal of the millage would provide local matching funds for new federal investment.

BGR Position

FOR. The federal government has invested heavily in major drainage projects in Jefferson Parish since the May 1995 floods. Now that those projects are complete, the Parish faces a significant repayment obligation to the federal government. The tax is necessary to meet that obligation. It will also help maintain the current pace of work on numerous neighborhood drainage problems that remain a Parish responsibility. While the Parish's drainage department has a $149 million capital fund balance, $129 million is allocated to projects. Substantial reserves enable it to keep its five-year capital investment plan on track and minimize the costs and impacts of emergency repairs. The department continuously updates the plan using computer modeling to prioritize investments that will reduce flood risks throughout the parish.