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BGR Media Release

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BGR Reviews Tax Propositions for Streets, Public Safety

The Bureau of Governmental Research today releases *On the Ballot: New Orleans, April 9, 2016*. The report explains and analyzes two tax propositions in New Orleans: one for street work and other improvements, and a second for the police and fire departments. Find the report at www.bgr.org.

Bond Proposition for Streets and Other Capital Projects

Voters in New Orleans will decide whether to authorize the city to issue \$120 million in general obligation bonds, with the proceeds to be used as follows:

- \$100 million for streets and related improvements to sidewalks, curbing, street lighting, drainage and landscaping.
- \$15 million for public buildings and facilities as well as parks and recreational facilities.
- \$5 million for fire trucks, firefighting equipment and land acquisition.

The city plans to issue \$50 million in bonds in the second half of 2016 and \$70 million in 2018. According to the Board of Liquidation, City Debt, the bond issues would be repaid over a 30-year life. The combined annual debt service payments would be about \$8 million, or the equivalent of 2.5 mills at current property valuations. According to the city, the existing debt service millage is sufficient to cover the bond payments, meaning there would be no increase in the current tax rate.

BGR Position: FOR. This relatively modest bond proposition would enable the city to take a more holistic approach to impending street repairs by funding

work that either is ineligible for federal disaster funding or will be identified through a pavement condition survey. That said, BGR is concerned about inadequate funding for routine street maintenance and the life of the debt on streets exceeding the life of the improvements. In the long term, the city, with the assistance of its Fix My Streets task force, should identify and secure adequate funding for street maintenance. The city also should explore ways to better align the duration of the bond repayment period with the expected life of the capital improvements.

Tax Increases to Support the Police and Fire Departments

New Orleans voters will decide whether to increase property taxes for police and fire services by a total of 7.5 mills. A 5-mill increase for police would be dedicated to recruiting, hiring, equipping and paying police officers for increased police protection. An increase of 2.5 mills would be dedicated to fire protection. The taxes would be unusual in that the homestead exemption would not apply to them, thereby broadening the tax burden. The police tax would yield an estimated \$17.7 million; the fire tax would yield \$8.9 million. The two taxes, which are coupled in a single ballot proposition, would be in effect for 12 years, beginning in 2017.

BGR Position: FOR. The fire tax will provide the funding to help resolve longstanding city financial obligations to firefighters. Without the tax, the city would have to cut other areas of the budget in order to fund these obligations. As to the police tax, the funding will help the NOPD to rebuild its ranks to desired levels. Detailed plans for deployment of new officers give taxpayers a clear sense of where their money will go. In addition, the 12-year duration allows voters to revisit the tax if the NOPD does not accomplish its goals. In the meantime, the City Council and administration must hold the NOPD accountable for achieving its goals and carefully calibrate funding to the department's true needs. The NOPD's goals should include increasing the number of officers assigned to calls for service to bring the department more in line with best practices and similarly sized departments.

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BGR is a private, nonprofit, independent research organization. Since its founding in 1932, it has been dedicated to informed public policy-making and the effective use of public resources in the Greater New Orleans area. For more information call 504-525-4152 or visit BGR's website, www.bgr.org.