INBRIEF

ON THE BALLOT

St. Tammany Parish, Justice Center Sales Tax Renewal, March 24, 2018

March 2018

Overview of the Proposition

Voters parishwide will decide whether to renew a sales tax dedicated to the Justice Center facilities, which include the courthouse in Covington and an annex in Slidell. St. Tammany Parish has levied the tax for 20 years at a rate of 0.25%. Voter renewal would extend the tax for another 10 years at a reduced rate of 0.20%. It would also expand the dedicated purposes to direct at least 10% of tax revenue to the 22nd Judicial District Specialty Courts. This will be the Parish's third attempt to renew the tax. If voters reject it again, the tax will expire March 31, 2018.

Key Background and Findings

- Renewal at the reduced rate of 0.20% would mean that a household spending $20,000 a year in taxable purchases would pay $40 instead of $50 a year. If the tax expires, it would pay $50 less in annual sales tax.
- State law requires the Parish to provide a "good and sufficient courthouse" and support the operations of the district court judges, District Attorney, Sheriff and certain other parish officials.
- The Parish has relied on the Justice Center tax as the sole source of funding for these mandates. Before 2018, the tax generated enough revenue (about $12 million) to cover annual operating, debt service and capital costs. It also allowed the Parish to build an $11.5 million operating reserve.
- With the tax set to expire on March 31, the Parish could budget only $3 million in tax revenue for 2018. It closed a $7.3 million budget gap by cutting Justice Center operating costs by 28%, deferring all capital projects at the facilities and using Justice Center reserves.
- BGR evaluated whether the tax is necessary. If voters do not renew the tax, the Parish will face a Justice Center funding gap of $5 million in 2019. It would need a new funding source to meet its State-mandated obligations. Alternatively, citizens would have to accept further cuts to Justice Center operations, continued deferral of capital projects and appreciable reductions in services supported by the Parish's General Fund, which is its only source of unrestricted revenue.
- BGR also analyzed whether the proposed 0.20% tax is appropriately sized. If voters renew the tax, Parish officials anticipate it will produce $9.5 million a year. During the research and drafting of this report, BGR requested a projection of future tax revenues and expenditures. However, the Parish had not prepared a projection and did not provide one to BGR at that time. Parish officials told BGR that tax revenue will pay for operations and capital projects; however, they said the Parish had deferred decisions on spending tax revenue until after the election.

  Shortly before BGR finalized its recommendation, the Parish provided BGR with a calculation of future revenues and expenditures based on an earlier BGR estimate. However, it does not appear that the Parish has shared the calculation with the public or that the Parish Council has considered it. The calculation does not address operating efficiencies or explain the need to fully restore the 2018 Justice Center budget cuts. Further, the Parish had not created this calculation when determining the tax rate for the current or past renewal propositions.

  If a taxing authority seeks to impose a tax, the authority should justify to taxpayers the necessity of the money. It should also furnish a clear spending plan that specifically informed the development of the tax proposition and accounts for the new revenue. The Parish's late-stage transmission to BGR does not rise to the level of a clear spending plan for the Justice Center tax. Without such a plan, voters do not have sufficient information for full evaluation of the Justice Center tax renewal.
- Finally, BGR reviewed whether the tax revenue would be well spent. BGR found that a citizen could have difficulty tracking the flow of Justice Center tax revenue in the Parish budget. This points to a need for better transparency. However, after requesting additional detail from the Parish, BGR found that the Parish accounted for all uses of the Justice Center funds in 2018. The Parish could add a consolidated summary of revenues and expenses for all Justice Center funds to make the budget more user-friendly for citizens. Regarding the proposed new use of tax revenue for the Specialty Courts, Parish and court officials have noted the success of these courts in providing alternatives to incarceration for individuals who have been convicted of or pled guilty to certain criminal offenses. These alternatives have helped to lower recidivism rates and costs to the public. The Specialty Courts currently do not receive Parish funding.

BGR Position on Justice Center Tax Renewal

AGAINST. Given the Parish's small amount of unrestricted revenue, the Parish needs a dedicated funding source for the Justice Center facilities. However, the Parish has not clearly demonstrated to voters how much revenue is required to meet the Justice Center's future operating and capital needs. In addition, the proposition dedicates a portion of revenue to the Specialty Courts which, despite any benefits they provide to the community and the local criminal justice system, currently are self-sustaining and are not a mandatory function of the district court. Voters should let this tax expire and require the Parish to come back with a tax proposal it can prove to be appropriately scaled based on a clear plan for future spending. The Justice Center is funded through 2018 and has enough funding without the renewal to postpone further budget cuts this year. The Parish should present voters with its new tax proposal later this year on the November or December 2018 ballots.

Read the full report at **www.bgr.org**.

INBRIEF

ON THE BALLOT

St. Tammany Parish, Jail Sales Tax Renewal, March 24, 2018

March 2018

Overview of the Proposition

Voters parishwide will decide whether to renew a sales tax dedicated to the parish jail. St. Tammany Parish has levied the tax for 20 years at a rate of 0.25%. Voter renewal would extend the tax for another 10 years at a reduced rate of 0.20%. This will be the Parish's third attempt to renew the tax. If voters reject it again, the tax will expire March 31, 2018.

Key Background and Findings

- Renewal at the reduced rate of 0.20% would mean that a household spending $20,000 a year in taxable purchases would pay $40 instead of $50 a year. If the tax expires, it would pay $50 less in annual sales tax.
- The Parish and the Sheriff each have State-mandated obligations to support the parish jail. The jail tax can pay for both Parish and Sheriff jail costs.
- Before 2018, even a full year of jail tax revenue (about $12 million) was not enough to meet all Parish and Sheriff obligations related to the jail facility and parish inmates. By agreement, the tax revenue satisfied the Parish's obligations first. This required the Sheriff to close a funding gap using other jail revenue sources.
- With the tax set to expire on March 31, the Parish could budget only $3 million in tax revenue for 2018. The Parish closed the budget gap by deferring all jail capital projects and by appropriating funds for jail operations from the Parish's General Fund and Public Health Fund, resulting in cuts to citizen services supported by those funds. The Sheriff closed his 2018 budget gap primarily through the jail's financial reserve.
- BGR evaluated whether the tax is necessary. If voters do not renew the tax, the Parish will face a 2019 funding gap of $6.7 million and significant cuts to core services supported by its General Fund. The Sheriff may also face a revenue loss, with potential impacts on jail conditions and his ability to fund law enforcement.
- BGR also analyzed whether the proposed 0.20% tax is appropriately sized. If voters renew the tax, the Sheriff's Office projects $9.5 million of annual revenue. Based on its projections, renewal of the jail tax will not produce excessive revenue. In fact, it will not be enough to avoid recurring deficits in jail operations or pay for future capital needs.
- Finally, BGR reviewed whether the tax revenue would be well spent. The Sheriff has controlled jail costs and reported them to the Parish pursuant to their agreement. The public would be better served if those reports were more accessible.

BGR Position on Jail Tax Renewal

FOR. The jail tax provides significant revenue for the Parish's and Sheriff's obligations to support the parish jail. Renewal of the tax would help secure the jail's future for another 10 years at a slightly reduced cost to taxpayers. Loss of the tax would result in new budget cuts that would reduce Parish services in other areas and potentially undermine jail operations and the quality of law enforcement.

BGR notes that renewing the tax at the proposed rate would leave some jail costs unfunded. Based on the Sheriff's projections, the jail will need additional funding to offset future deficits and make necessary capital investments in jail facilities. To better inform the public on the jail's financial condition, the Parish or the Sheriff should post online the jail accountability reports.

Read the full report at **www.bgr.org**.