

BGR

We report to you.

Questions for Council Candidates District C

NEW ORLEANS

Candidates' Views
on Important Issues
Facing City Hall

CANDIDATE

Q&A

BGR

ELECTION SERIES

PART 6 OF 7
OCTOBER 14, 2017 ELECTION

2017 CANDIDATE Q&A

BGR Project Staff

Amy L. Glovinsky, President & CEO
Stephen Stuart, Vice President & Research Director
Amanda Kaiser, Communications and Development Manager
Jamie Cortez Parker, Research Analyst
Selva Riemann, Office Manager
Paul Rioux, Research Analyst

This report is available on BGR's web site, www.bgr.org.

With Gratitude

BGR acknowledges Chevron for its donation in support of this Candidate Q&A series.

Become a Member

To preserve its independence, BGR relies on financial support from a diverse membership of individual and corporate citizens. To find out how you can become a part of BGR, go to www.bgr.org/membership or call us at 504-525-4152 x108.

BGR Board of Directors

Officers

Hardy B. Fowler, Chairman
Ludovico Feoli, Vice Chairman
J. Storey Charbonnet, Secretary
Norma Grace, Treasurer

Past Chairman

Mark A. Mayer

Board Members

Anne P. Baños
Toya Barnes-Teamer
Nicolas G. Bazan
Kelly R. Brown
Charmaine Caccioppi
Caroline Zetzmann Calhoun
Andrea Chen
Maureen Clary
Leah N. Engelhardt
Joseph S. Exnicios
Louis M. Freeman, Jr.
Alex Gershanik
Hunter G. Hill
H. Merritt Lane, III
Andrew R. Lee
Martin Mayer
Todd McDonald
Jennifer Medbery
Jennifer M. Neil
Anthony Recasner
Melissa Sawyer
Nathalie G. Simon
Slade Simons
Steven W. Usdin
Larry Washington
Dennis Woltering

Honorary Board

Harry J. Blumenthal, Jr.
Edgar L. Chase III
J. Kelly Duncan
Louis M. Freeman
Richard W. Freeman, Jr.
Ronald J. French
David Guidry
Hans B. Jonassen
Diana M. Lewis
Anne M. Milling
R. King Milling
George H. Porter III
Lynes R. Sloss
Sterling Scott Willis



The Bureau of Governmental Research is a private, non-profit, independent research organization dedicated to informed public policy making and the effective use of public resources for the improvement of government in the New Orleans metropolitan area.

BUREAU OF GOVERNMENTAL RESEARCH

1055 St. Charles Ave., Suite 200
New Orleans, LA 70130
Phone 504-525-4152
Fax 504-525-4153
www.bgr.org

Report photography and design by BGR staff

TABLE OF CONTENTS

Introduction to BGR’s 2017 Candidate Q&A Series.....	1	Tax Exemptions and the Tax Base.....	18
Public Safety.....	2	Question 11: Do you support the BGR template for reform of the nonprofit exemption in the state constitution? If there are points with which you disagree, please state what they are and explain the approach you would take.....	19
Question 1: Would you seek an increase in funding for NOPD? Why or why not?	3	Question 12: What measures would you propose to protect and expand the tax base?	20
Question 2: What funding strategies would you support to pay for the future needs of NOPD?	4	Economic Development Tax Subsidies.....	21
Question 3: How would you hold the NOPD accountable for achieving its departmental goals?	5	Question 13: Do you agree with the basic principles for economic development tax subsidies identified by BGR? If there are points with which you disagree, please state what they are and explain the approach you would take.....	22
Effective Government	6	Question 14: As a council member, how would you prevent unnecessary subsidies?.....	23
Question 4: Please give three examples of how the City should improve its use of existing public resources to achieve more effective City government.....	7	Land Use Planning	24
Employee Compensation and Pensions.....	8	Question 15: As a council member, what would you do to ensure that you are complying with the force of law in the context of the Land Use Plan?.....	25
Question 5: To what extent would you support changes to the City’s pension plan to better manage its risks and costs? Please be specific.	9		
Question 6: How would you advise the City to rethink the total compensation package (salary and benefits) offered to new and existing employees?	10		
Street Maintenance.....	11		
Question 7: What level of funding will you pursue for street maintenance?	12		
Question 8: How do you intend to achieve this level of funding?.....	13		
Drainage System.....	14		
Question 9: Should the City and S&WB continue to develop a proposal for a stormwater fee? If yes, how should they structure the fee? If no, how do you propose they address the drainage system’s financial needs?.....	15		
Local Tax Dedications.....	16		
Question 10: What changes to local tax dedications, if any, would you advise the City to pursue? Please be specific.	17		



This fall, voters will select the leadership of the City of New Orleans (City) government for the next four years. They will choose a new mayor and seven City Council members in the October 14 primary election followed by the November 18 runoff.

As voters weigh their decisions, they should ask how the candidates will confront the challenges the City faces today. Some of the most important ones include: addressing manpower and other needs of the New Orleans Police Department; retooling City employee pensions to manage risk and attract a high-quality work force; and fixing and maintaining street and drainage infrastructure. In particular, the drainage system failures during the August 5 rainfall provided a harsh reminder for residents and business owners of the City's persistent infrastructure problems.

Voters should further ask how the candidates will operate City Hall efficiently and effectively. Relative to the City Council, this includes, among other things, how candidates will address land use planning and economic development subsidies. Voters should require the candidates to propose specific ideas for how they would make City Hall work better for the citizens it serves.

Finally, voters must ask how the candidates will work within – or try to change – two major constraints on the City's finances: Only 25% of local tax dollars are undedicated and available for broad municipal purposes, and approximately 60% of New Orleans real property is tax exempt.

To assist voters in this endeavor, the Bureau of Governmental Research (BGR) prepared its Candidate Q&A series to frame a dialogue for the 2017 City elections. BGR developed the questions from its body of research. It distributed a set of 18 questions to all mayoral candidates, and a similar set of 15 questions to all City Council candidates. The questionnaires included a summary of each topic based on BGR's research. BGR asked the candidates to submit their answers in writing.

Voters should note that BGR sent its questionnaires in late July, prior to the August 5 flooding. Therefore, BGR's questions do not specifically address that event or its aftermath. Many of the candidates, however, do address the flooding

because they submitted their responses after August 5.

BGR is publishing the responses in a seven-part series that began with the mayoral candidates. Subsequent reports provide the council candidates' responses. All reports will be available on BGR's website, www.bgr.org.

Each report organizes the Candidate Q&A by topic, providing topic summaries, the questions each candidate received, and candidate responses. For each question, BGR presents the candidates' answers in the order in which the candidates will appear on the October 14 ballot. BGR publishes the answers as they were submitted, with two exceptions. First, BGR corrected non-substantive, typographical errors where necessary for readability. Second, BGR excerpted responses that significantly exceeded the 200-word limit stated in our questionnaire. In choosing what to excerpt, BGR used its best efforts to preserve the substance of the candidate's answer to the question. Any deletion is marked by an ellipsis ("..."); if no ellipsis appears, then the answer is the candidate's entire response. Candidates were aware of the 200-word limit and the consequence of exceeding it.

BGR did not reject any candidate's submission. The following summarizes the City Council candidate responses:

- **At Large, Division 1:** Joseph "Joe" Bouie, Kenneth Cutno and Helena Moreno.
- **At Large, Division 2:** David Baird, David Gregory Nowak and Jason Williams. *No response:* Aaron "Ace" Christopher and Jason Coleman.
- **District A:** Aylin Acikalin Maklansky, Joseph "Joe" Giarrusso, III, Tilman Hardy, Daniel "Dan" Ring, "Drew" Ward, and Toyia Washington-Kendrick.
- **District B:** Jay H. Banks, Eugene Ben-Oluwole, Seth Bloom, Catherine Love and Andre "Action Andre" Strumer. *No response:* Timothy David Ray.
- **District C:** Kristin Gisleson Palmer and Nadine Ramsey.
- **District D:** *No candidate from District D responded.*
- **District E:** James A. Gray, II, Dawn Hebert and Cyn-di Nguyen. *No response:* Alicia Plummer Clivens and Cederick Favaro.

BGR is a private, non-profit, independent research organization dedicated to informed public policy making and the effective use of public resources for the improvement of government in the New Orleans metropolitan area. BGR is non-partisan and does not endorse candidates for public office.

BACKGROUND

In 2016, the City Council and the administration asked voters to approve a new 5-mill property tax to increase funding for recruiting, hiring, equipping and paying officers of the New Orleans Police Department (NOPD). BGR supported the proposition, observing that the additional funding would help NOPD to rebuild its depleted ranks, reduce incident response times and provide better public safety outcomes.* BGR also called on the City Council and the administration to hold the NOPD accountable for achieving departmental goals and to carefully calibrate funding to the NOPD's true needs.

Despite widespread concern about NOPD's capacity to respond to crime problems, voters rejected the millage proposition. Its defeat raises questions about the City's ability to address the future funding needs of NOPD.



* BGR, *On the Ballot: New Orleans*, April 9, 2016, p. 11, available at <http://www.bgr.org/reports/bgr-reviews-tax-propositions-for-streets-public-safety/>.

ON PUBLIC SAFETY, BGR ASKED THE CANDIDATES:

- 1. Would you seek an increase in funding for NOPD? Why or why not?**
- 2. What funding strategies would you support to pay for the future needs of NOPD?**
- 3. How would you hold the NOPD accountable for achieving its departmental goals?**

1.

Would you seek an increase in funding for NOPD? Why or why not?

**Kristin
Gisleson
Palmer**

Yes, I support a pay raise increase and would support an increase in funding directed at the hiring and retention of officers. Furthermore, funds should ensure that advancement testing is administered every 2 years, not 5. Officers need a clear path towards career advancement.

**Nadine
Ramsey**

NOPD is fully funded now, but I would support additional funding for specific programs such as the pathway for youth and to increase recruitment classes.

2.

What funding strategies would you support to pay for the future needs of NOPD?

**Kristin
Gisleson
Palmer**

Since I left office in 2014, the city's revenue has increased \$100 million. I believe funds can be re-allocated from within the existing budget.

**Nadine
Ramsey**

I would support exploring various options.

3.

How would you hold the NOPD accountable for achieving its departmental goals?

**Kristin
Gisleson
Palmer**

I would support quarterly reports from NOPD to the city council that highlight the progress being made in regards to recruitment and hiring. In addition, I would encourage a third party background check to accelerate the hiring process.

**Nadine
Ramsey**

NOPD regularly reports to the council. Additionally, I would encourage the use of community meetings with the chief, as well as increased accountability through documentation of the use of police officer time and other essential performance measures.

BACKGROUND

The mission of the Bureau of Governmental Research is to provide independent research to support informed public policy making and the effective use of public resources. BGR recognizes that each candidate enters the race with a vision for improving City government and delivering more effective services to citizens.



ON EFFECTIVE GOVERNMENT, BGR ASKED THE CANDIDATES:

- 4. Please give three examples of how the City should improve its use of existing public resources to achieve more effective City government.**

4.

Please give three examples of how the City should improve its use of existing public resources to achieve more effective City government.

**Kristin
Gisleson
Palmer**

1. Conduct a survey of publicly owned buildings and properties to determine which are suitable for reintroduction into commerce.
2. French Market Corporation is an example of properties that could have increased revenues through strategic public-private partnerships.
3. While I was on city council, I streamlined appropriations requests by requiring all departments to submit their budgets using a uniform template. We need to further increase accountability and transparency practices within the appropriations process.

**Nadine
Ramsey**

1. Execute a master plan for developing Algiers
 2. Encourage more effective engagement with the community via tools like “budgeting for outcomes.”
 3. Increase transparency at the Sewerage & Water Board.
-

BACKGROUND

BGR has extensively studied the employee pension plans in which local governments participate.* It found that, from 2009 to 2016, employer costs increased dramatically for the plans serving City police, firefighters and other municipal employees, as well as the Sewerage & Water Board's (S&WB) plan.

Employer costs depend heavily on the performance of plan investments. If investment earnings, combined with employee contributions, are insufficient to pay for the promised benefit, the employer must make up the difference. Ultimately, this risk falls on City taxpayers and S&WB ratepayers. In many cases, they must help to pay for public sector retirement benefits that are far more generous and secure than their own.

BGR's latest pension report analyzed several options for changing the plans to reduce their costs and risks.** It recommended that policymakers consider alternative plan designs that would shift some, if not all, risk away from public employers. While employees take on additional risk, they also would enjoy greater plan portability. These plan designs may also better reflect the evolving expectations and career patterns of the work force. At a minimum, policymakers should pursue reforms to the existing defined benefit offerings to bring them into alignment with national benchmarks. That implies lowering multipliers to at least the national public sector median, raising the minimum retirement age, eliminating perks such as lump sum payment programs,

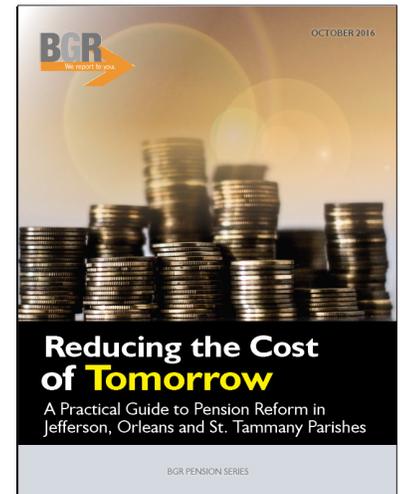
limiting pre-retirement income replacement to a need-based level and leaving it to employees to self-fund cost of living adjustments.

In pursuing pension reform, the City and the S&WB should analyze the sufficiency of their total compensation packages to attract and retain high-quality employees. It may be necessary to make offsetting adjustments in salary and other benefits.*** Policymakers should ensure that any changes and their costs are fair to taxpayers.

* BGR's collection of pension studies is available at <http://www.bgr.org/reports/category/pensions/>.

** BGR, *Reducing the Cost of Tomorrow: A Practical Guide to Pension Reform in Jefferson, Orleans and St. Tammany Parishes*, October 2016, available at <http://www.bgr.org/reports/bgr-cuts-paths-for-pension-reform-in-the-metro-area/>.

*** Two studies are under way that could help determine appropriate salary and benefit levels for City and S&WB workers. The City's Civil Service Commission has begun a comprehensive compensation and classification study. The S&WB is also conducting a compensation study of its work force.



ON EMPLOYEE COMPENSATION AND PENSIONS, BGR ASKED THE CANDIDATES:

- 5. To what extent would you support changes to the City's pension plan to better manage its risks and costs? Please be specific.**
- 6. How would you advise the City to rethink the total compensation package (salary and benefits) offered to new and existing employees?**

5. To what extent would you support changes to the City's pension plan to better manage its risks and costs? Please be specific.

**Kristin
Gisleson
Palmer**

In general, I am willing to consider all proposals for reform, and specifically BGR's proposals.

**Nadine
Ramsey**

We must look at all available options to balance the various interests involved with a focus on protecting employees and the city.

6. How would you advise the City to rethink the total compensation package (salary and benefits) offered to new and existing employees?

**Kristin
Gisleson
Palmer**

The city should sit with a group of leaders from city government, employees, and civic leaders to see how the entire system is being funded and whether it's being applied equitably. I would like to see how New Orleans compares to other cities of similar size to see if we are in line with benefits, salaries and cost of living.

**Nadine
Ramsey**

We should look at best practices around the country for similar jurisdictions concerning competitive salaries and benefits.

BACKGROUND

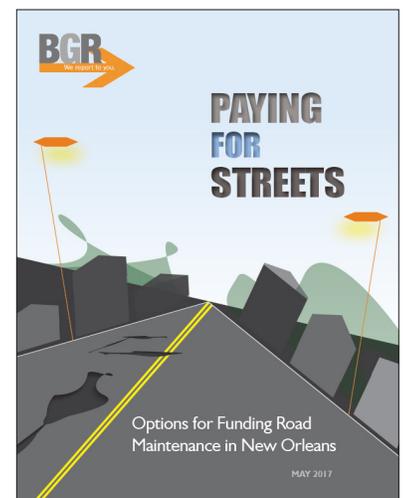
Earlier this year, BGR published a detailed analysis of the City's current funding sources dedicated to streets.* It then evaluated options for increasing funding for the most pressing need, street maintenance. The City estimates it needs \$30 million to \$35 million annually for preventive maintenance. However, BGR found that the City has spent an average of just \$3.8 million a year since 2011. Failure to find an adequate, recurring source of revenue for preventive maintenance risks squandering the enormous capital investment the City is about to make to repair streets damaged after Hurricane Katrina.

While there is no question that the City needs more money for streets, this does not necessarily mean it needs more money from the public. BGR found that the City receives more than \$50 million in net revenue from 10 sources with a strong connection to streets, such as traffic camera tickets, parking tickets and vehicle sales taxes. But the City invests none of this money back into the street network. And for many years, streets have taken a back seat to other local priorities in the competition for local tax dollars. BGR recommended that the City should look to redirect existing revenue streams or rededicate existing local taxes before seeking new funding sources.

If the City needs new funding sources, BGR urged the City to consider alternatives to property taxes. Property taxes, the primary source of local funding for streets, generally have a weak connection to street use. Also, exemptions shield many properties from taxation, even though



some of them impose significant burdens on the street network. Other options exhibit a stronger connection to street use and a broader base of payers. One is a Transportation Utility Fee, in which property occupants pay street charges based upon estimates of how many vehicle trips that property generates. Another is a local fuel tax, either through a local option or a state dedication.



* BGR, *Paying for Streets: Options for Funding Road Maintenance in New Orleans*, May 2017, available at <http://www.bgr.org/reports/paying-for-street-maintenance-in-new-orleans/>.

ON STREET MAINTENANCE, BGR ASKED THE CANDIDATES:

- 7. What level of funding will you pursue for street maintenance?**
- 8. How do you intend to achieve this level of funding?**

7.

What level of funding will you pursue for street maintenance?

**Kristin
Gisleson
Palmer**

I support the necessary level of funding that is required for street maintenance.

**Nadine
Ramsey**

I will pursue adequate funding for street maintenance. We have \$2 billion in FEMA money to repair interior streets, and can plan for what will be needed to finish out what (already completed) studies tell us needs to be done.

8.

How do you intend to achieve this level of funding?

**Kristin
Gisleson
Palmer**

I would redirect existing revenue streams or rededicate local taxes - specifically, sources connected to street use, such as traffic camera tickets, parking tickets and vehicle sales taxes.

**Nadine
Ramsey**

We can look at various measures, e.g. additional FEMA or other federal money, a bond, etc.

BACKGROUND

In February 2017, BGR issued a report describing the operating and capital needs of New Orleans' complex network of drainage pipes, canals and pumping stations.* Most of the funding needs take the form of local matches for federal projects or new maintenance costs generated by those projects. In addition, both the Sewerage & Water Board and the City have significant unmet maintenance needs for their portions of the pre-existing drainage system. The S&WB is responsible for the pumping stations, canals and major underground pipes, while the City manages an extensive network of smaller pipes, culverts and catch basins that channel stormwater into the S&WB's system. As of February 2017, the S&WB projected it will cost about \$55 million more per year to meet impending obligations and to properly maintain the Board's and the City's stormwater management systems. This would nearly double local spending on the systems.

With these large new cost burdens in mind, the S&WB and City are considering whether to pursue stormwater fees, rather than increasing property taxes, as a means of raising the additional revenue. BGR's report delved into stormwater fees to provide the public with a clear understanding of how they work and to begin the discussion of their potential to bridge the funding gap.

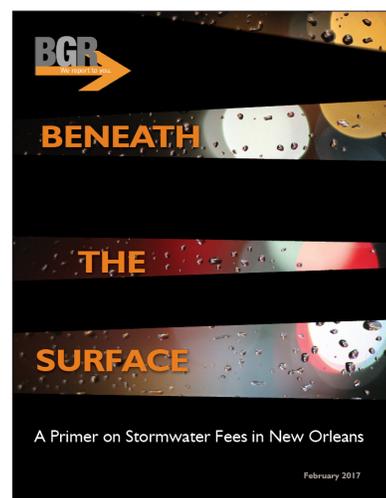
BGR found that stormwater fees are rapidly growing in usage across the country. If properly structured, a stormwater fee has numerous advantages over a property tax, including a broader payer base. A properly structured fee also creates a strong nexus between the demands a property places on the drainage system and the amount of the fee.



The report does not attempt to verify the estimates of the new drainage funding needs. However, it is clear that some level of new funding will be necessary. Given the advantages of a stormwater fee over a new property tax, BGR recommends that the S&WB and City consider a storm-

water fee as a potential source for drainage system funding. Its report makes several recommendations for fairly structuring a stormwater fee. Moreover, the August 5 flood event, which occurred after BGR's report, has brought the funding concern to the forefront.

* BGR, *Beneath the Surface: A Primer on Stormwater Fees in New Orleans*, February 2017, available at <http://www.bgr.org/reports/do-stormwater-fees-make-sense-for-new-orleans/>.



ON THE DRAINAGE SYSTEM, BGR ASKED THE CANDIDATES:*

9. Should the City and S&WB continue to develop a proposal for a stormwater fee? If yes, how should they structure the fee? If no, how do you propose they address the drainage system's financial needs?

* BGR sent its questionnaires in late July, prior to the August 5 flooding. Therefore, BGR's question does not specifically address that event or its aftermath. Many of the candidates, however, do address the flooding in their responses.

9.

Should the City and S&WB continue to develop a proposal for a stormwater fee? If yes, how should they structure the fee? If no, how do you propose they address the drainage system's financial needs?

**Kristin
Gisleson
Palmer**

In light of recent events, the public has no confidence in S&WB's ability to properly manage their system. I cannot support a stormwater fee until management of the department is reviewed by an independent commission of engineers, hydrologists, and other experts.

Furthermore, any fee will have to be connected to green infrastructure initiatives.

**Nadine
Ramsey**

That's one mechanism to consider, but there may be other mechanisms available, and as chair of the environmental committee, I would encourage the city to explore all options and to be creative.

BACKGROUND

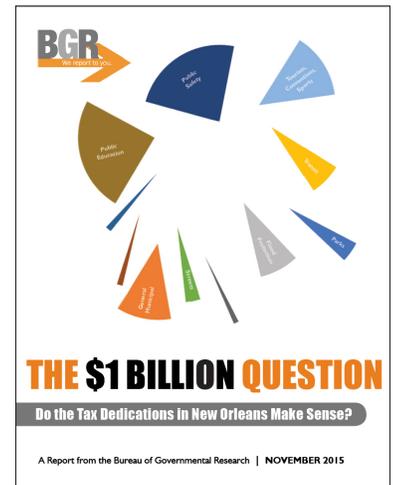
A 2015 BGR report found that only one-fourth of local tax revenue is available to City government for broad municipal purposes.* The remainder is dedicated to specific municipal purposes or to other entities. These dedications limit the City government's ability to provide basic services and infrastructure and meet pressing obligations.

The tax dedications were approved in piecemeal fashion, often at the state level, over the course of many years with little planning and accountability. The allocation of resources that evolved from this ad hoc process has not been re-evaluated in the context of changing conditions and current needs.

BGR's report called for a review of current taxes in New Orleans to identify those that are ripe for rededication to basic municipal needs. BGR specifically called on the mayor to take the lead in pursuing all appropriate changes to local tax dedications. The City should conduct a comprehensive re-evaluation of tax dedications and develop a broad plan to address community priori-

ties. All taxes, except those for the most basic infrastructure and services, should be placed on the table for possible rededication. The City should evaluate all such taxes, not in terms of each taxing body's ambitions, but in the larger context of the community's priorities. Ultimately, the mayor should present a program for funding and executing the plan. But there is a role for the City Council here too, working collaboratively with the mayor.

* BGR, *The \$1 Billion Question: Do the Tax Dedications in New Orleans Make Sense?*, November 2015, available at <http://www.bgr.org/reports/rethinking-tax-dedications-in-new-orleans/>.



ON LOCAL TAX DEDICATIONS, BGR ASKED THE CANDIDATES:

10. What changes to local tax dedications, if any, would you advise the City to pursue? Please be specific.

10. What changes to local tax dedications, if any, would you advise the City to pursue? Please be specific.

**Kristin
Gisleson
Palmer**

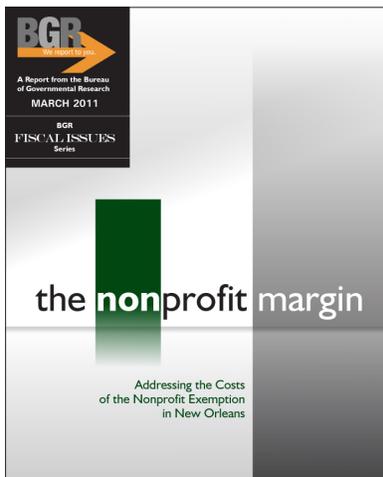
I believe the city should conduct a comprehensive re-evaluation of local tax dedications to ensure they are meeting the current needs of government.

**Nadine
Ramsey**

[Candidate did not answer this question.]

BACKGROUND

BGR has published numerous reports exploring the costs of ad valorem property tax exemptions. In 2011, BGR estimated that 60% of property value is off the tax roll.* Of the exempt property, slightly more than half is owned by governments and one-third is owned by nonprofit organizations. The balance is mostly homestead-exempt property, with a small amount of tax-exempt industrial property.



Exemptions deprive local government of revenue and drive up the taxes on non-exempt residences and businesses. In 2011, BGR prepared illustrative scenarios of those impacts. One scenario indicated that, as a result of the nonprofit exemption, tax-recipient bodies in Orleans Parish had to forego more than \$125 million in annual revenue. In a revenue-neutral scenario, the mill-

age rate could be cut by 44 mills, or nearly one-third of the total rate levied at that time.

Louisiana’s constitution exempts an unusually wide range of nonprofit-owned properties. In its 2011 report and again in March 2016, BGR pointed out that Louisiana is significantly out of step with national norms.** Its exemption provisions are overly broad, not necessarily tied to public benefits, and do not require that nonprofit property actually be used for an exempt purpose. In March 2017, BGR prepared a template for constitutional revisions to address these concerns and provided it to state legislators.***

* BGR, *The Nonprofit Margin: Addressing the Costs of the Nonprofit Exemption in New Orleans*, March 2011, available at <http://www.bgr.org/reports/addressing-the-high-cost-of-nonprofit-exemptions/>.

** BGR, *It’s Time for Common Sense on Nonprofit Exemptions*, March 1, 2016, available at <http://www.bgr.org/reports/fixing-louisianas-costly-and-unusual-nonprofit-exemptions/>.

*** Letter from BGR to the Louisiana State Legislature, March 7, 2017, available at <http://www.bgr.org/reports/aligning-louisianas-nonprofit-property-tax-exemption-with-national-norms/>.

ON TAX EXEMPTIONS AND THE TAX BASE, BGR ASKED THE CANDIDATES:

11. Do you support the BGR template for reform of the nonprofit exemption in the state constitution? If there are points with which you disagree, please state what they are and explain the approach you would take.

12. What measures would you propose to protect and expand the tax base?

11. Do you support the BGR template for reform of the nonprofit exemption in the state constitution? If there are points with which you disagree, please state what they are and explain the approach you would take.

**Kristin
Gisleson
Palmer**

Yes, I'm in favor of reviewing the nonprofit exemption in the state constitution.

**Nadine
Ramsey**

This is a complex and delicate issue, and should be considered carefully.

12. What measures would you propose to protect and expand the tax base?

**Kristin
Gisleson
Palmer**

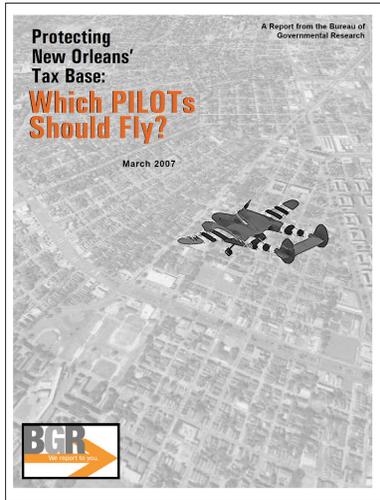
I believe blight reduction programs can bring more properties into commerce and expand the tax base. I have over 20 years of neighborhood revitalization experience and currently redevelop blighted properties through my private business. My expertise can be applied on a larger scale through advocacy on the city council.

**Nadine
Ramsey**

Bringing in more businesses, with more and better jobs, is the best way to expand the tax base.

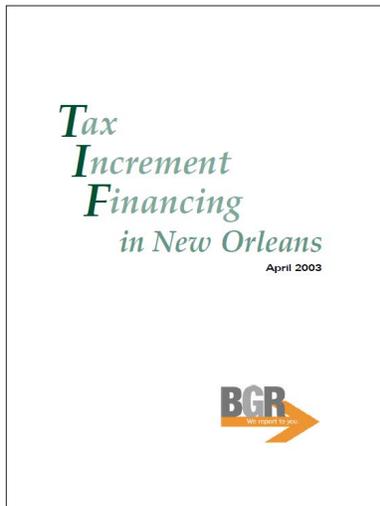
BACKGROUND

In analyzing economic development tax subsidies, BGR adopts the premise that property taxes are a cost of doing business and property ownership. They should be levied in a fair manner. Having said that, BGR recognizes that there may be instances in which tax subsidies are both necessary and beneficial.



- The project receiving the subsidy advances the priorities set forth in New Orleans' economic development strategic plan.
- Independent market studies and financial analysis demonstrate that the market will not produce a desirable outcome for the site, therefore making a public subsidy necessary.
- Efficient subsidies provide only the minimum needed for the project to proceed. In addition, they should not compensate for basic financial weaknesses in a developer or a transaction (e.g., inadequate equity investment) or a lack of demand for a service or product.
- Effective subsidies produce a significant positive ratio of benefits to costs, as supported by a rigorous cost-benefit analysis.
- Subsidies should not create unfair impacts on local competitors or the surrounding neighborhood.

BGR has called for the City and other economic development entities to take a rigorous approach to reviewing subsidy requests. It is not enough for a project to show it will enhance tax revenues or create jobs. The City should consider a tax subsidy only if it can demonstrate that the subsidy is strategic, necessary, efficient, effective and fair. As more fully discussed in BGR reports on payments in lieu of taxes (PILOT)* and tax increment financing (TIF),** this means:



* BGR, *Protecting New Orleans' Tax Base: Which PILOTS Should Fly?* March 2007, available at <http://www.bgr.org/reports/protecting-new-orleans-tax-base/>.

** BGR, *Tax Increment Financing in New Orleans*, April 2003, available at <http://www.bgr.org/reports/tax-increment-financing-in-new-orleans/>.

ON ECONOMIC DEVELOPMENT TAX SUBSIDIES, BGR ASKED THE CANDIDATES:

13. Do you agree with the basic principles for economic development tax subsidies identified by BGR? If there are points with which you disagree, please state what they are and explain the approach you would take.

14. As a council member, how would you prevent unnecessary subsidies?

13. Do you agree with the basic principles for economic development tax subsidies identified by BGR? If there are points with which you disagree, please state what they are and explain the approach you would take.

**Kristin
Gisleson
Palmer**

Yes, I agree with basic principles for economic development tax subsidies identified by BGR.

**Nadine
Ramsey**

I do support these basic principles.

14. As a council member, how would you prevent unnecessary subsidies?

**Kristin
Gisleson
Palmer**

I believe the City should consider a tax subsidy only if it can demonstrate that it is strategic, necessary, efficient, effective and fair.

**Nadine
Ramsey**

We can prevent unnecessary subsidies by subjecting proposals to vigorous scrutiny and oversight.

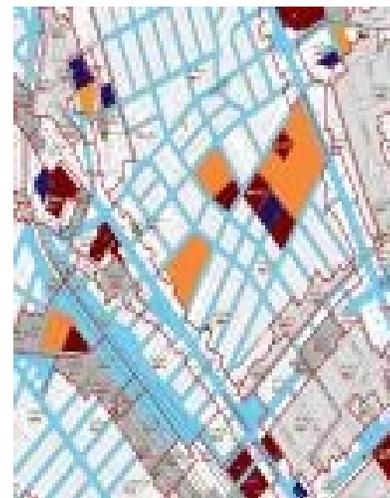
BACKGROUND

In 2008, voters approved a City charter amendment that, among other things, set forth the general contents of the City’s Master Plan and gave it the force of law.* The “force of law” basically means that certain laws and land use decisions must conform to the plan. However, it is not all-encompassing.

As BGR observed in a 2015 report, only actions that have a direct impact on the physical development of the city must be consistent with the Master Plan.** These include the City’s capital improvement plan, its capital budget, public projects, zoning laws, and land use actions, such as zoning map amendments, subdivisions or conditional uses. And land use actions must be consistent with only one element of the Master Plan: the land use element, which the Master Plan calls the Land Use Plan. Other elements of the Master Plan provide only a non-binding guide for City decision-makers on land use actions.

The Land Use Plan, by contrast, is not merely a guide. The City’s charter requires every land use action to “further, or at least not interfere with, the goals, poli-

cies and guidelines” in the Land Use Plan and to be “compatible with the proposed future land uses, densities and intensities” in the plan. This means that land use actions in general must be consistent with the Land Use Plan, or at the very least be neutral with regard to it.



Correctly interpreting and applying the Land Use Plan is critical to ensure clarity and predictability for public officials, developers and residents.

* For an analysis of the proposed charter amendment, see BGR, *On the Ballot: November 2008*, available at <http://www.bgr.org/reports/on-the-ballot-november-2008/>.

** BGR, *It’s the Law: Land Use Decision Making and the Master Plan*, October 28, 2015, available at <http://www.bgr.org/reports/its-the-law-land-use-decision-making-and-the-master-plan/>.

ON LAND USE PLANNING, BGR ASKED THE CANDIDATES:

15. As a council member, what would you do to ensure that you are complying with the force of law in the context of the Land Use Plan?

15. As a council member, what would you do to ensure that you are complying with the force of law in the context of the Land Use Plan?

**Kristin
Gisleson
Palmer**

When an issue comes before the City, I would review what the plan states for this proposal and hold them accountable for complying with the Land Use Plan.

**Nadine
Ramsey**

We always ensure that proposals correspond to the Land Use Plan and the Master Plan overall.



BUREAU OF GOVERNMENTAL RESEARCH

1055 St. Charles Ave., Suite 200
New Orleans, LA 70130
Phone 504-525-4152
Fax 504-525-4153
www.bgr.org

Nonprofit Org.
U.S. Postage
PAID
New Orleans, LA
Permit No. 432