

## DISTRICT ATTORNEY SALES TAX, ST. TAMMANY PARISH, APRIL 30, 2022

### IN BRIEF

The District Attorney for St. Tammany Parish is asking voters on April 30 to approve a new, parishwide sales tax to support the office's Criminal Division, which prosecutes all felony and misdemeanor cases, traffic citations and juvenile matters before the 22nd Judicial District Court. The District Attorney would levy the proposed 0.14% tax for 10 years, beginning July 1, 2022. The tax would generate an estimated \$7.9 million annually.

St. Tammany Parish Government (Parish) is responsible for providing financial and other support to the District Attorney's Criminal Division. In recent years, the Parish presented voters with several tax proposals to help fund its obligations to the Criminal Division and other local agencies, including the District Court judges and the St. Tammany Parish Sheriff for jail operations. The Parish's proposals included a comprehensive funding approach to satisfy these obligations, which BGR supported last fall. Voters, however, rejected each proposal. As a result, the Parish's funding obligations have fallen squarely on the General Fund, which represents less than 10% of the Parish's total operating budget. In 2022, recurring General Fund revenue (\$12.2 million) covered less than half of the agencies' budget requests, creating a significant shortfall for the District Attorney and other agencies. Given the Parish's current financial struggles, the District Attorney is now seeking a dedicated tax to fund criminal prosecutions.

#### About BGR's *On the Ballot* Series

This report is part of BGR's *On the Ballot* series, which provides voters with objective, nonpartisan analysis of significant ballot propositions in the New Orleans metropolitan area. In producing these reports, BGR recommends positions consistent with its mission of promoting informed public policy making and the effective use of public resources to improve local government. *On the Ballot* reports highlight the strengths and weaknesses of ballot propositions and assess the potential for government expenditures or actions to efficiently achieve beneficial outcomes for citizens.

### REPORT HIGHLIGHTS

To analyze the proposition, BGR considered three questions related to the efficient and effective use of public resources: (1) Has the District Attorney carefully planned how the office will spend the tax revenue and provide financial stewardship and accountability for taxpayer dollars? (2) Is the tax an acceptable way to fund the purposes in light of alternative funding options? (3) Is there evidence indicating the tax would result in effective outcomes for the public? Based on this analysis, BGR found the following:

- The District Attorney plans to use nearly all tax revenue (\$7 million) to retain and hire staff to handle the office's full caseload of criminal work. The Criminal Division currently has more than 100 employees, consisting of assistant district attorneys, investigators, case managers and other administrative personnel. The remaining revenue (\$0.9 million) would cover the District Attorney's share of office space and technology services at the Justice Center. As tax revenue grows, the District Attorney plans to increase the office's financial reserve to a level that aligns with recommended practices for governmental agencies, and then reduce the tax rate to avoid excessive surpluses.
- The District Attorney has pursued operational improvements and the careful stewardship of public funds. For example, technology upgrades enabled the office to maintain full operations remotely during the pandemic. The office has also improved case processing times, which reduced average incarceration times for those awaiting trial at the parish jail and, ultimately, lowered taxpayer costs.

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## IN BRIEF

- The District Attorney would have sole control over the tax revenue, which raises concerns about financial oversight. To enhance public transparency and accountability, the District Attorney has committed to posting quarterly financial statements; submitting an annual budget to the Parish Administration and Council for review during a public meeting; and annually reviewing whether a reduction in the tax rate is needed to avoid excessive surpluses. While Louisiana law does not obligate these practices, voters could hold the District Attorney accountable in future elections for that office and through the tax's 10-year renewal process.
- While the District Attorney's proposed tax lacks the Parish's comprehensive funding approach from last fall, it would establish a stable source of recurring revenue for the Criminal Division. This would fully satisfy the Parish's funding obligations to the District Attorney and, with no other funding option on the horizon, deliver timely fiscal relief for the Parish.
- A sales tax would be paid by residents and visitors alike and revenue would be available as soon as September to meet the District Attorney's pressing needs. While a sales tax can place more of a financial hardship on lower-income residents, the District Attorney says that the tax's small 0.14% rate lessens this concern.
- If voters reject the proposition, the Criminal Division will remain underfunded and face greater difficulty carrying out its functions. This could have adverse impacts on criminal judicial processes and public safety throughout St. Tammany. In addition, the District Attorney says failure of the proposition would likely result in a lawsuit against the Parish to enforce payment of the office's budget. Such legal action could further strain Parish finances and weaken the Parish's credit and bond ratings.
- If voters support the proposition, the tax will prevent a fiscal crisis for the District Attorney's office. It would also enable the office to decrease its reliance on fines and fees imposed on criminal defendants, anticipating a statewide shift away from this method of funding the criminal justice system. The District Attorney plans to use fines and fee revenue, albeit at a decreased amount, to enhance existing programs, such as pretrial diversion, community outreach and education.
- Indirectly, the tax would relieve some, but not all, financial pressure on the Parish's General Fund, enabling it to reallocate the District Attorney's share to help meet funding obligations to the District Court judges, the Sheriff for jail operations and other agencies.

## BGR POSITION

**FOR.** The proposed sales tax would provide the District Attorney with a stable, recurring revenue source to fund criminal prosecutions in St. Tammany Parish. It would enable the District Attorney to retain and hire staff to handle the office's full caseload of criminal work and support the judicial process and public safety. The 10-year term of the tax balances the office's need for revenue stability with voter accountability.

In addition, the proposed tax would relieve some financial pressure on St. Tammany Parish Government to fund its obligations to the District Attorney. It would enable the Parish to reallocate General Fund revenue historically given to the District Attorney to other justice system agencies, such as the 22<sup>nd</sup> Judicial District Court and the St. Tammany Parish Sheriff for jail operations. It would also avoid potential costly litigation between the District Attorney and the Parish. While BGR supported the Parish's comprehensive tax proposal last fall, voter rejection of that approach has prompted the District Attorney to seek a dedicated tax.

BGR has transparency and accountability concerns with the District Attorney's total control over the tax revenue. To his credit, the District Attorney has committed to several practices to improve public oversight, such as posting quarterly financial statements of tax revenue and expenditures, submitting an annual budget to the Parish Administration and Council for review during a public meeting, and conducting an annual review to determine whether a reduction in the tax rate is warranted to avoid excessive surpluses. However, these practices are not mandated by law. Accordingly, BGR strongly urges the current District Attorney and future officeholders to adhere to these commitments.