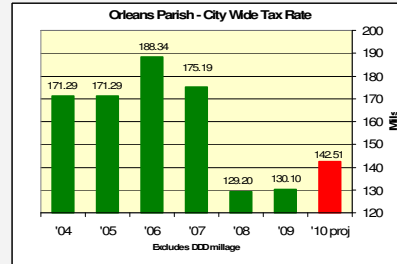


Orleans Parish Budget and 2010 Projected Tax Increase

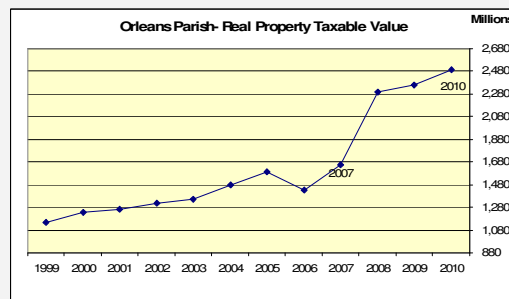
The New Orleans City Council is considering tax rate increases as a means to help plug a budget hole of about \$68 million. The *Times-Picayune* reported November 14th that property owners may see as much as a 10 mil increase in the property tax rate for 2010. A part of the Budget hearing discussions on Wednesday Nov 11 centered around exactly what components of the tax rate can be increased to yield the most efficient revenue increase – the police and fire millage which is dedicated and also not subject to the homestead exemption or to increase the city general fund millage.

The increases are dubbed as “small millage boosts” by the *Times-Picayune* but all together amount to a nearly 8 percent increase in the tax rate. The board of liquidation will be forced to raise their millage by about 3 mills in order to finance two separate \$40 million bond issuances expected to this year. Another raise of 1 mil is expected to be approved by the City



Council in order to finance a court ordered judgment to pay firefighters for back pay. Additionally, the Orleans Parish School Board has proposed an increase of nearly 5.5 mills and the paper has reported that the Orleans Levee District is expected to vote this week on an undetermined millage increase. After a millage roll back in 2008, the rate increased slightly in 2009 and the 2010 increase is projected to be substantial.

These tax rate increases belie the fact that the overall net taxable value of assessment continues to rise each year. For this 2010 year the net taxable value of all property rose 3.04% from its 2009 level and stands at a level 25.24% greater than its 2005 level (the year immediately preceding Katrina). The level of taxable *real estate* has increased 5.15% over last year. Interestingly the net taxable value of real estate assessments rebounded in 2007 to surpass their overall pre-Katrina levels.



So while the assessed value continues to rise the city has not curbed its desire for revenues. With the budget process still ongoing, the City Council will have to decide what additional burdens the citizenry and business community can shoulder.

Real Estate Tax Group, LLC will continue to monitor the City's budget process and inform Council members as to the assessment detail and the fragility of the business community's operational performance.

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Source: Orleans Parish Board of Review; Council Fiscal Office
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