

Doing More with Less

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June 16, 2009



Where Did Our Taxes Go?

- Circuit Breaker Tax Caps
 - LSA has estimated that property tax collections will be reduced over \$500 million statewide as a result of the property tax caps when fully implemented
- Expansion of Homestead Exemption
 - New 35% homestead exemption is reducing property tax revenues from fixed rate funds, such as cumulative capital development funds, by 10% to 25%

Where Did Our Taxes Go?

- State has reported that individual income tax collections have declined by 23% for the first four months of 2009
 - County income taxes are based upon the same taxable income as the State
 - Less income tax revenues available for operating costs and capital expenditures.
 - Less income tax revenues available for property tax relief; more property taxes lost to property tax caps.

Where Do We Go From Here?

- Consider new revenue sources
- Opportunities to reduce cost of services
- Options to consolidate services
- Manage capital needs
- Grow your tax base

New Revenue Sources

- New Local Option Income Taxes
 - Replaces property taxes with income taxes, reducing the amount of property taxes lost to the property tax caps
 - Provides new money for public safety when combined with property tax relief

New Revenue Sources

- Consider changing the mix of local income taxes
 - For instance, changing the local income taxes from CAGIT to COIT may increase the total revenues available to the county taxing unit without increasing the total income tax rate
 - Eliminating the COIT Homestead Credit may increase revenues available to civil taxing units without changing the total tax rate
 - Replacing a portion of a CAGIT tax with an EDIT tax may provide more usable tax dollars

New Revenue Sources

- Consider the use of User Fees to pay for services
 - Landfill fees
 - Public safety fees
 - Storm water fees
 - Wastewater fees
 - Impact and Availability Fees
 - Etc

Opportunities to Reduce Costs

- Develop a strategic plan that identifies desired levels of service
- Identify and document processes used to deliver public services
 - How do they compare with others?
 - Can processes be streamlined by combining personnel or through improved technology?
- Develop priorities to assist with budget reductions

Opportunities to Consolidate Services

- Consolidation of services with other taxing units
 - Joint purchasing opportunities
 - Combining duplicative services, such as police, fire, ambulance and 911 dispatch services
- Consolidation may not only reduce costs, but spread costs over a larger tax base
 - Reduces total property tax rates, and in turn, reduces property tax revenues lost to tax caps

Managing Your Capital Needs

- Develop a capital plan that includes all major improvements and related costs over the next five to ten years
- Many long lived assets can be financed through the issuance of debt rather than current income
 - “Pay as you use” instead of “pay as you go”
 - Reduces the amount of current taxes needed to pay for public infrastructure
 - Bond repayment may be outside of tax caps

Grow Your Tax Base

- Growth in assessed value minimizes total property tax rates and the revenue losses associated with tax caps
- Growth in employment base helps offset the natural swings in local income tax revenues that result from shifts in the economy
- Growth of investment and employment are both necessary to provide a stable source of tax revenue