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# REVENUE ESTIMATING CONFERENCE

## Quarterly Economic Review



**CITY OF NEW ORLEANS**

Mitchell J. Landrieu, Mayor

**REVENUE ESTIMATING CONFERENCE MEMBERS**

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JEROME A. LOMBA, CHIEF ECONOMIST

PRESENTED THURSDAY MARCH 29, 2012

## **OVERVIEW**

At the last two Revenue Estimating Conferences this committee expressed a desire to review the budgeted revenue estimates sooner and more often than in the past. Today I will discuss my conclusions from the first comprehensive review of collections through February and its implications for the 2012 budget.

Additionally, this review incorporates policy changes which have been made this year and additional months of actual revenue collections for 2011 as well.

At the time that the budgeted projections were made, only a partial look at 2011 revenues was available. Today, although not complete, a great deal more clarity regarding 2011 collections exists than was available at the time of the original projection and this new information is instrumental in the analysis embodied in this review.

The original budgeted revenue projections also assumed that the national recovery would continue albeit with some concern for the historical weakness in generating jobs that the national economy exhibited at that time. I am very pleased to report to you today that actual employment levels reported by the Bureau of Labor through February of this year supports our initial assumptions of continued growth in the national economy.

The Euro-Zone instability which this committee expressed concern at the last meeting, on the other hand, remains a concern today. It continues to have the potential to significantly disrupt the national outlook and warrants continued monitoring.

Similarly, the local economy is progressing at a rate consistent with the original forecast. The fundamental assumptions with respect to the national and local economy have not changed and no adjustments to revenue estimates have been made based on any anticipated changes in economic outlook at the national or local level.

## **REVENUE**

### **TAXES**

Property tax collections through February are consistent with projections as is anticipated collections for the rest of the year consistent with last years' experience. No change in forecast is recommended at this time.

Sales and Hotel Motel tax collections for 2012 combined has been reduced by \$3.7 million or 2.3%. This reduction is a technical correction to bring into alignment the projected 2011 with the actual collections for the year. No change is recommended to auto sales tax.

Beer and Wine tax revenue expectations for 2012 have been reduced by \$200,000 to bring it into conformity with actual 2011 collections.

Utility tax estimate for 2012 has been lowered by approximately \$1.0 million to bring it into conformity with reductions made to Entergy Franchise fees.

### **LICENSES AND PERMITS**

Entergy Franchise revenue outlook has been reduced by \$5.3 million to take into account the continued expectation for the historically low natural gas prices which are anticipated to prevail and effect revenues collected by Entergy and thereby, the franchise fees it remits to the City.

Miscellaneous Franchise has been reduced by \$125,000 to bring it back to 2011 levels.

Safety/Electrical/Mechanical permits have been reduced by \$700,000 which will bring it to the level collected in 2011.

Motor Vehicle permits were increased by \$250,000 to bring it into alignment with 2011.

### **INTERGOVERNMENTAL REVENUE**

The City receives a share of State taxes collected from video poker machines and which it distributes a portion back to local governments and the estimate for the City's share for 2012 was reduced by \$550,000 to match actual collections for 2011.

Parish Transportation Funds was budgeted at the anticipated amount for 2011 which fell short by \$830,000 and the estimate for 2012 was reduced accordingly.

Other Intergovernmental Revenues were increased by \$300,000 to match actual 2011 collections.

### **SERVICE CHARGES**

General Government was increased by \$540,000 principally as a result of collection fees the City charges other tax recipients and the result of anticipated growth of those collections from 2011.

Public Safety was reduced by \$1.1 million to correct for a data entry error in 2011.

Sanitation Service Charge was increased by \$125,000 to adjust for the full charge for 12 months as opposed to 11 months collection in 2011.

### **FINES AND FORFEITS**

Camera revenue has been adjusted downward by \$2.5 million; \$1.7 million to bring it into alignment with 2011 and remove the impact of an \$800,000 in one-time revenue in 2011.

### **MISCELLANEOUS REVENUES**

Interest Income was reduced by \$100,000 because of the persistent low interest rates which the Feds have vowed to maintain this year to support the recovery.

Building and Ground Rents was increased by \$500,000 in recognition of the fact that the facilities which came online in 2011 will be available for the full year in 2012.

Other Miscellaneous Revenue consists of a myriad of items amounting to a net increase of \$210,000 over original budget.

### **SUMMARY**

In summary the Total General Fund revenues are currently projected to be \$482,209,161 which is \$14.5 million less than the originally projected \$496,678,704.

	2012 Adopted 12/1/2011	Budget Revision 3/29/2012	Adjusted Forecast 3/29/2012	Percentage Change 3/29/2012
<b>PROPERTY TAX</b>	<b>\$106,221,323</b>	<b>\$0</b>	<b>\$106,221,323</b>	<b>0.00%</b>
<b>OTHER TAXES</b>				
Sales tax	\$162,947,514	(\$3,758,978)	\$159,188,536	-2.31%
Beer & Wine Tax	\$736,912	(\$236,912)	\$500,000	-32.15%
Parking Tax	\$3,691,234	\$0	\$3,691,234	0.00%
Document Transaction Tax	\$3,500,000	\$0	\$3,500,000	0.00%
Utility Tax	\$10,485,230	(\$985,230)	\$9,500,000	-9.40%
Other Tax	\$2,132,535	\$0	\$2,132,535	0.00%
<b>Total Other Taxes</b>	<b>\$183,493,425</b>	<b>(\$4,981,120)</b>	<b>\$178,512,305</b>	<b>-2.71%</b>
<b>Total Taxes</b>	<b>\$289,714,748</b>	<b>(\$4,981,120)</b>	<b>\$284,733,628</b>	<b>-1.75%</b>
<b>LICENSES &amp; PERMITS</b>				
Entergy Franchise	\$28,980,027	(\$5,312,017)	\$23,668,010	-18.33%
Miscellaneous Franchise	\$210,114	(\$125,626)	\$84,488	-59.79%
Occupational Licenses	\$9,343,914		\$9,343,914	0.00%
Safety/Electrical/Mechanical	\$3,587,000	(\$708,053)	\$2,878,947	-19.74%
Building Permits	\$4,840,000	\$0	\$4,840,000	0.00%
Motor Vehicle Permits	\$2,210,000	\$256,733	\$2,466,733	11.62%
Other Licenses & Permits	\$8,687,405	\$0	\$8,687,405	0.00%
<b>Total Licenses &amp; Permits</b>	<b>\$57,858,460</b>	<b>(\$5,888,963)</b>	<b>\$51,969,497</b>	<b>-10.18%</b>
<b>INTERGOVERNMENTAL REVENUE</b>				
State Aid/Video Poker	\$3,150,568	(\$550,722)	\$2,599,846	-17.48%
State Revenue Sharing	\$833,974		\$833,974	0.00%
Parish Transportation Fund	\$4,357,503	(\$830,270)	\$3,527,233	-19.05%
Other Intergov Revenue	\$1,125,504	\$298,849	\$1,424,353	26.55%
<b>Total Intergovernmental Revenue</b>	<b>\$9,467,549</b>	<b>(\$1,082,143)</b>	<b>\$8,385,406</b>	<b>-11.43%</b>
<b>SERVICE CHARGES</b>				
General Government	\$16,088,844	\$539,321	\$16,628,165	3.35%
Public Safety	\$16,379,218	(\$1,098,020)	\$15,281,198	-6.70%
Street Parking Meters	\$4,455,000		\$4,455,000	0.00%
Sanitation Service Charge	\$32,817,568	\$125,860	\$32,943,428	0.38%
Other Service Charges	\$4,517,420	\$0	\$4,517,420	0.00%
<b>Total Service Charges</b>	<b>\$74,258,050</b>	<b>(\$432,839)</b>	<b>\$73,825,211</b>	<b>-0.58%</b>
<b>FINES, FORFEITS</b>				
Traffic Fines & Violations	\$7,000,000	\$0	\$7,000,000	0.00%
Red Signal Light/Camera Enforcement	\$19,000,000	(\$2,500,000)	\$16,500,000	-13.16%
Parking Ticket Collectons	\$10,700,000	\$0	\$10,700,000	0.00%
Other Fines & Forfeits	\$1,221,500	\$0	\$1,221,500	0.00%
<b>Total Fines &amp; Forfeits</b>	<b>\$37,921,500</b>	<b>(\$2,500,000)</b>	<b>\$35,421,500</b>	<b>-6.59%</b>
<b>MISCELLANEOUS REVENUE</b>				
Interest - Operating & Capital	\$337,482	(\$100,000)	\$237,482	-29.63%
Rents & Royalties	\$1,156,897	\$512,304	\$1,669,201	44.28%
Contributions and Other	\$3,924,093		\$3,924,093	0.00%
Miscellaneous Reimbursement	\$4,043,721	(\$202,229)	\$3,841,492	-5.00%
<b>Total Miscellaneous Revenue</b>	<b>\$9,462,193</b>	<b>\$210,075</b>	<b>\$9,672,268</b>	<b>2.22%</b>
<b>OTHER FINANCING SOURCES</b>	<b>\$17,996,204</b>	<b>\$205,447</b>	<b>\$18,201,651</b>	<b>1.14%</b>
<b>Grand Total</b>	<b>\$496,678,704</b>	<b>(\$14,469,543)</b>	<b>\$482,209,161</b>	<b>-2.91%</b>