

MEETING MINUTES
REVENUE ESTIMATING CONFERENCE
August 27, 2025

PRESENT

Honorable Joseph Giarrusso, Councilmember District "A"
Gilbert Montañó, Chief Administrative Officer
Romy Samuel, Director of Finance
Honorable LaToya Cantrell, Mayor
Mara Baumgarten Force, Professor, Tulane University

ABSENT

Honorable Helena Moreno, Council Member At-Large (non-voting)

OPENING

The meeting of the Revenue Estimating Conference (REC) was called to order by Mayor LaToya Cantrell.

1. Adoption of Minutes from July 18, 2025 Revenue Estimating Conference
Councilmember Giarrusso moved to adopt the minutes from the previous meeting, with a second provided by Prof. Force, with the minutes adopted unanimously.
2. Discussion of 2024 Audited Actual General Fund Revenue
Chief Economist Matthew Cooper began the presentation by noting that the final Audit of 2024 General Fund Financials which included the final audited General Fund Revenues would be available by the end of August.
3. Revision and Adoption of 2025 General Fund forecast
To begin the discussion of 2025 General Fund revenues, sales tax receipts attributable to the 3-day Taylor Swift concert and the Super Bowl were highlighted, both of which took place at the Superdome. While noting the complete successes both events achieved and the fact that revenues attributable to the events were still being collected, the City's actual revenue retention was lower than expected to date. He also noted that the 2025 forecast downgrade on the agenda was not at all related to an estimated revenue deviation from expectations and that it was likely that additional revenues attributable to the Super Bowl would move revenues closer to expectations.

Mr. Cooper then began a discussion of the general economic trends which were affecting 2025 revenue collections and expectations for potential growth trajectory for 2026 and beyond. He noted that uncertainty over the final tariff policies and any impending Federal Reserve action on interest rates were driving the global economic landscape. Locally, he emphasized the ongoing labor market stagnation, real estate and housing price inflation, and insurance crisis as major factors.

Major economic indicators were then discussed. Inflation remains within targeted parameters and GDP demonstrated positive growth in the 2nd Quarter following a net decline in the 1st Quarter. The local labor market showed the typical and expected mid-to-late summer

slowdown related to lower visitor activity, with continued signs that the local labor market still needs more recovery of labor force and employment to reach pre-covid levels.

Mr. Cooper then moved into a direct discussion of the reasons for the revisions to the 2025 forecast. He highlighted three distinct causes for the 2025 downgrade¹: new information regarding assessor's practices on annual Business Personal Property assessments; reduced taxable commercial transactions due to State legislation during the 2025 fiscal session; and reduced revenue expectations for Red Light/Traffic Enforcement cameras following Sate legislative action in 2024 and resolution of CEA terms over revenue sharing with Orleans Parish School Board. Discussion ensued on this topic with Mr. Cooper further elaborating on the contents of a previously provided written explanation detailing these changes.

Another change was detailed as a proper representation of future revenues from the provision of Emergency Medical Services. Revenue from this source used to be collected through Intergovernmental Transfers from a State source, a program which ended in 2024. This revenue will now be replaced through increased service fees/rates and will be collected within the Public Services category, and the reduction from one category and addition to the other properly identifies the revenue source.

Mr. Cooper then was asked to discuss the revenues attributable to the Super Bowl special event and explain why estimated revenues included in the 2025 forecast and corresponding actual revenue progress throughout the year were significantly lower than expectations as represented by other City stakeholders. He explained that while the economic activity supported by such events was very substantial and beneficial to the local economy, the actual revenue windfall over and above of what typically would occur in the absence of a special event was marginal.

Finally, the 2025 Proposed Forecast Update was presented. Mr. Cooper offered that the REC members discuss the downgrade and offer a vote on the matter. Discussion and clarification ensued on the matter. The additional question arose regarding suspension of the City's retention of collections fees assessed on partner organizations to cover administrative expenses by court order. Mr. Cooper indicated that the impact of that order would be included in the final discussion of the 2026 General Fund Revenue Forecast at the next REC. Mayor Cantrell requested a motion to approve the 2025 Forecast Update with a second offered by Prof. Force, with the motion adopted unanimously.

4. Adoption of Savings Fund Certification

The calculated Savings Fund Certification, totaling 5% of the past five years of actual audited General Fund Expenditures was presented, which also required a vote to pass. Mayor Cantrell offered the motion with Dir. Samuel seconding, with the motion passing unanimously.

5. Discussion of 2026 General Fund Revenue Forecast

Mr. Cooper then presented the initial version of the 2026 General Fund Forecast, noting the factors which drove the decline in expected revenues from the newly adopted 2025 Forecast Update to the 2026 Initial Expectation. For Sales Tax, these included the full annual affect of the State legislative action on taxable sales items and the removal of the extra anticipated windfall

¹ See attachment containing written detailed explanation of these factors which was shared 48hrs prior to the scheduled REC meeting on Wednesday, August 27, 2025.

from the Super Bowl special event. Also this included the final result of the legislation and negotiations regarding the Red Light/Traffic Camera Enforcement revenues. Finally, as cash on hand is expected to be further depleted in 2026, the interest collected from that cash held in the City's savings accounts was also reduced. This was a non-voting item, so discussion on the topic ended there.

6. Presentation of Long-Term Forecast

Mr. Cooper by presented and explaining the Long-Term General Fund Revenue forecast through 2031. With no additional discussion, the presentation was concluded.

7. Adjournment

Mayor Cantrell asked for a motion to adjourn the meeting, proposed by Councilman Giarusso and seconded by Prof. Force, with a unanimous vote concluding the REC.

From: [Matthew L. Cooper](#)
To: [Gilbert A. Montaño](#); [Joseph I. Giarrusso](#); mara@tulane.edu; [LaToya Cantrell](#); [Helena N. Moreno](#); [Romy Samuel](#)
Cc: [Freda G. Richardson](#); [Tiffany Crawford](#); [Jonathan T. Harris](#); [Abby B Vienne](#); [Shelbi M. Flynn](#); [Brandye A. DeLarge](#); [Joseph W. Threat Sr](#); [Debra Ann Ryan](#)
Subject: RE: REC Follow-up questions RESPONSE
Date: Monday, August 25, 2025 5:16:00 PM

Chief Montaño, All:

Thank you for the opportunity to explain these issues in detail ahead of the REC on Wednesday. I will provide responses in [blue](#) below. For some responses I will reference information provided in the REC presentation for the upcoming meeting on 8/27 which was distributed this past Friday afternoon. I have included those members of the REC who were not cc'd on the original email request this past weekend to ensure all participants are on the same page of this ongoing conversation.

- Please explain what happens when higher property tax non-payment rates are identified. Are we sending all unpaid property tax bills to tax sale, and are tax sales the only mechanism to go after unpaid property taxes? Could we use PromisePay or the State's Office of Debt Recovery to help increase compliance rates for current year property taxes?
 - [As of August 2025, all taxes that are at least one year delinquent, and no greater than three years outstanding are eligible for tax sale, except for the following: bankruptcies and parcels with pending](#)

change orders with the LA Tax Commission. If the taxes are not recovered during the tax sale, then the parcels are adjudicated to the City and after five years without recovery become eligible for the sale of adjudicated property. Programs such as Promise Pay aim to recover revenue through flexible, interest free options, for Business Personal Property Tax but not appropriate for Real Estate. The State's Office of Debt Recovery are used in the collection of sales tax and other fines and fees. The Louisiana Revised Statutes Title 47, however, addresses the process for collecting delinquent real estate obligations using tax sales.

- Please let us know if revenues collected following unpaid property tax bills are recognized in the “prior year” property tax category when they are collected, and whether we increase estimates for prior year property tax revenue in years following low compliance rates.
 - Yes, the prior-year property tax object is where recovered revenues show up in years following the issuance of the initial tax bills. Also note the AR-14 on slide 16 of the upcoming REC presentation. We've discovered through conversations with the assessor's office that there is some intentional over-estimation of the Business Personal Property valuation. Over time in years following the initial issuance of a tax bill that is

based on this inflated valuation of BPP, the “cleared debits” are resolved as a result of a dispute process, either through payment of the bill, which is a revenue recovery that shows up in prior year property tax collections, or the removal of the inflated valuation from the tax rolls which was billed initially but will not be recovered. Both of these mechanisms of resolution are reflected in the “cleared debits” statistic. We have been referring to the percentage as ‘compliance rate,’ but the cleared debits label is more descriptive of the actual way that disputed tax bills are resolved – I intend to use this terminology in the future. Finally, the actual amount of recovered revenue showing up in the prior year property tax revenue object remains relatively stable throughout the quadrennial reassessment cycle, and is more a factor of the rate of dispute resolution through one of the mechanisms described previously than the actual amount outstanding, partially as a result of the intentionally inflated valuation of BPP.

- Please provide the rationale behind the estimated reductions due to HB578 and HB490. Perhaps these were generated during the legislative session when these bills were being considered, but we have not seen any estimated impact statements or any rationale behind the

numbers presented to the REC.

- The estimated numbers are the result of the State Legislative Fiscal Note from Louisiana Dept. of Revenue.

HB578 The estimated revenue losses resulting from this bill was determined using the state's estimations used during the 2024 Third Special Session based on population.

- The state-wide local revenue loss was estimated to be \$78,000,000 for purchases of motor vehicles used for lease or rental. Using the Orleans Parish percentage of population (7.96%), the negative revenue impact was estimated to be \$6,208,800.
- The state-wide local revenue loss was estimated to be \$4,000,000 for repairs of TPP delivered outside the state. Using the same logic above, the negative revenue impact was determined to be \$318,400.
- The state-wide local revenue loss was estimated to be \$27,000 for services provided to qualifying radiation treatment centers. Using the same logic, the negative revenue impact was determined to be \$2,149.
-

The entire annual estimated local revenue losses as a result of HB578 were determined to be \$6,529,349.

HB490 The estimated revenue losses resulting from this bill was determined by using the occupational codes assigned to businesses operating in the City of New Orleans engaging in public works activities. Using these occupational codes, the associated taxes remitted to the City for 2024 were used to determine the negative revenue impact to the city. **The reported taxes from these occupational codes for 2024 was \$9,763,914.**

- **As a result of these bills, the total negative revenue impact is estimated to be \$16,293,263.**

- Regarding Estimated Traffic Camera Enforcement Revenues:
 - It appears from the updated slide deck that your recommendation is to deviate from what was done in previous years (and the original 2025 forecast) and only include the City General Fund portion of traffic camera revenue in the revenue forecast, because the City will eventually pay the rest to SWBNO and OPSB in another fund. Is that correct? Is the idea that the non-city portion is no longer General Fund revenue, so

it should not be included in the REC forecast?

- This is not a deviation from what was done in previous years. Until July 2024, the City General Fund retained 100% of traffic camera revenues totaling between \$15m-\$20m annually , and the 2024 legislative session reduced the City General Fund portion to only 60% of the revenue only from within school zones only when they are active with the rest now going to the OPSB. All camera revenues from outside of school zones and during times when school zones are not active are remitted to S&WB. This is an example of State legislation taking money out of the City's pocket and has been consistently represented in this ongoing conversation since the legislation was passed last year.
- The changes in state law took effect in 2024, and our understanding is that we have not distributed any of the shared revenue since the laws went into effect. If that is true, will the City's portion of the distributed revenues be recognized as 2025 revenue, assuming the distribution of 2024 collections takes place in 2025?
 - Whatever amount currently in escrow that is owed to the General Fund will be shown in revenue data

for the year in which it is released following dispute resolution or agreement of terms via CEA with partner agencies.

- -\$11 million in Intergovernmental:
 - Is this recommended reduction due solely to the end of the State's UPL program? If not, please provide further detail.
 - It is solely due to the elimination of Medicaid UPL, and those revenues will be recovered 1:1 within the Public Safety category through increased EMS fees, as per EMS dept. estimates. See Slide 21 of the August REC presentation.
- Long-Term Forecasts:
 - On the final substantive slide of the July REC presentation, the "Long Term General Fund Revenue Forecast" appears to show a 2025 General Fund revenue forecast of \$748,535,429 and a 2026 General Fund revenue forecast of \$731,149,445 in the "No Recession" row. The 2026 forecast reflects a reduction of \$17,385,984 compared to the 2025 forecast, and our understanding from the REC discussion was that the 2026 reduction was characterized as General Fund revenue being appropriated in the Housing Trust Fund. We would

appreciate an explanation of how the use of General Fund revenue could be characterized as a reduction in General Fund revenue. Would we not have to forecast and recognize General Fund revenue as General Fund revenue regardless of its use? There is no revenue source for the Housing Trust Fund other than bond proceeds and General Fund revenues (i.e. taxes), unless something has changed. An analog of this scenario (using General Fund revenue via a Housing Trust Fund appropriation) is the use of General Fund revenue for the payment of judgments via the Judgment Fund. Please advise.

- The \$17.4m reduction is not related to the Housing Trust Fund or any other known obligated expenditures from the General Fund balance – this has been included in past iterations of the proposed but has been removed from the current proposal. The revenue estimate for 2026 reflects a combination of: the removal of any estimations of windfalls from the Superbowl for Sales and Hotel tax revenues; the reduction of taxable commerce due to the State-imposed exemptions of certain items (see slide 20), and some relatively smaller increases in other areas (increased motor vehicle tax due to the anticipation of lower interest rates in the future and long-term trends of growth

for certain tax sources, inflationary pressures, and economic uncertainty restraints). Note that the 2025 to 2026 change has the proposed 2025 update as its starting point, which now totals a reduction of some -\$30 million and some change for the current year.

- Amnesty:
 - In addition to the recommended adjustments above, we would appreciate information as to how amnesty is accounted for in the recommended “2025 Proposed Forecast Update.” Currently, [this website](#) provides the opportunity for amnesty via the PromisePay program for past-due parking and traffic camera tickets, documentary taxes, and Sewerage & Water Board bills. Separately, Finance is using the PromisePay program on [this website](#) for amnesty for business personal property taxes, but Romy has referenced using PromisePay for other taxes as part of amnesty as well. How are amnesty efforts for these taxes and any others reflected in the 2025 Proposed Forecast Update? If amnesty efforts are not reflected, we would appreciate an explanation of the rationale behind excluding these amnesty efforts.
 - [Business Personal Property Tax and Documentary Tax is part of the amnesty program being offered](#)

currently and Promise Pay is being used to accept arrangements and subsequent payments. There are no other taxes other than BPP and Documentary Tax included in amnesty. The Office of Debt Recovery is used for other types of taxes, i.e., sales tax, but this is during the normal course of tax recovery efforts.

- Interest Revenues:
 - Finally, we would appreciate an explanation of the revenue estimates for interest (object codes beginning with 540). It appears that the 2025 revenue estimate includes no estimate for interest to be collected on 2024A bond proceeds, from the \$183M in tax-exempt bond proceeds received in September 2024 (object code 5401161). BRASS data appear to reflect \$2.83M in 2024A interest received in 2024 and \$3.1M in 2024A interest received so far in 2025. Perhaps this revenue could offset some reductions anticipated elsewhere, mitigating the need for a reduction in revenue estimates to the extent of the anticipated interest revenue. While we understand that an interest estimate may be a moving target due to bond proceeds being spent throughout the year, we would appreciate being provided an explanation of how capital interest is estimated and received and whether this 2024A interest is reflected anywhere else in the 2025 revenue

estimate. If it excluded, we would appreciate an explanation of the rationale behind excluding it.

- There is always some interest revenue collected from all cash held in the bank, whether from bond proceeds, general fund balance, ARPA funds, FEMA grant advances, etc. “Capital Interest” is in reference to “Cash” as “Capital,” and should not be conflated with the City’s capital budget or any interest derived from that pool of cash – it is separate from the General Fund. Also note that the “Bond Interest Revenue” that is represented within the General Fund is not the actual proceeds from bond sales but the interest on that cash being held in our savings accounts. Bond sales proceeds are not available to the General Fund. Additionally, in theory, this revenue from the interest on bond proceeds is promised/dedicated/appropriated each year towards the actual bond debt service, so it should not be considered to be available for other uses. You are correct that interest revenue is directly a function of the amount of cash on hand and the anticipated rate of expenditure of that cash through the year and is thus very much a moving target. The estimate for this revenue is indeed included in the 2026 general fund forecast, but the

final number for the “Interest-Operating and Capital” reflects several countervailing factors which are restraining growth for this revenue source. In recent years the City has greatly benefited in this category from ARPA funds held on hand as well as a healthy fund balance. Since those two pools of cash held on hand are depleted, in addition to the approved project cued for use of the 2024 GO issue, we will no longer be collecting such high amounts of interest revenue for the general fund. However, since we are expected to benefit from receipts of cash advances on many FEMA grants, in addition to the receipt of Bond proceeds from the upcoming issue, we are expected to again have higher-than-normal revenue from this category (generally between \$1.0m and \$6.0 million pre-covid), but it should be reiterated that it is directly dependent on the rate at which that cash is expended, which is dependent on the rate at which related projects are initiated, progress, and are completed.

We remain available for further questions comments or notes.

Thank you,

Matthew Cooper
Chief Economist
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From: Matthew L Cooper <Matthew.Cooper@nola.gov>
Sent: Monday, August 25, 2025 10:55 AM
To: Gilbert A. Montaño <Gilbert.Montano@nola.gov>; Joseph I. Giarrusso <Joseph.Giarrusso@nola.gov>
Cc: Romy Samuel1 <Romy.Samuel@nola.gov>; Freda G. Richardson <fgrichardson@nola.gov>; Tiffany Crawford <Tiffany.Crawford@nola.gov>; Jonathan T. Harris <jonathan.harris@nola.gov>; Abby B Vienne <Abby.Vienne@nola.gov>; Shelbi M. Flynn <smflynn@nola.gov>; Brandye A. DeLarge <badelarge@nola.gov>; Joseph W. Threat Sr <jwthreatsr@nola.gov>
Subject: Re: REC Follow-up questions

Received - preparing a response for these additional questions.

Thanks,

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From: Gilbert A. Montaño <Gilbert.Montano@nola.gov>
Sent: Sunday, August 24, 2025 9:57:24 PM
To: Matthew L Cooper <Matthew.Cooper@nola.gov>; Joseph I. Giarrusso <Joseph.Giarrusso@nola.gov>
Cc: Romy Samuel1 <Romy.Samuel@nola.gov>; Freda G. Richardson <fgrichardson@nola.gov>; Tiffany Crawford <Tiffany.Crawford@nola.gov>; Jonathan T. Harris <jonathan.harris@nola.gov>; Abby B Vienne <Abby.Vienne@nola.gov>; Shelbi M. Flynn <smflynn@nola.gov>; Brandye A. DeLarge <badelarge@nola.gov>; Joseph W. Threat Sr <jwthreatsr@nola.gov>
Subject: RE: REC Follow-up questions

Hi Mathew:

I wanted to circle back on some of these questions that were not addressed especially prior to the upcoming REC. Thank you for providing an updated presentation with more data included, but I again request written explanations so that we can consider them prior to the upcoming REC meeting.

Here are the questions that appear to have gone unanswered so far:

- Please explain what happens when higher property tax non-payment rates are identified. Are

we sending all unpaid property tax bills to tax sale, and are tax sales the only mechanism to go after unpaid property taxes? Could we use PromisePay or the State's Office of Debt Recovery to help increase compliance rates for current year property taxes?

- Please let us know if revenues collected following unpaid property tax bills are recognized in the "prior year" property tax category when they are collected, and whether we increase estimates for prior year property tax revenue in years following low compliance rates.
- Please provide the rationale behind the estimated reductions due to HB578 and HB490. Perhaps these were generated during the legislative session when these bills were being considered, but we have not seen any estimated impact statements or any rationale behind the numbers presented to the REC.
- Regarding Estimated Traffic Camera Enforcement Revenues:
 - It appears from the updated slide deck that your recommendation is to deviate from what was done in previous years (and the original 2025 forecast) and only include the City General Fund portion of traffic camera revenue in the revenue forecast, because the City will eventually pay the rest to SWBNO and OPSB in another fund. Is that correct? Is the idea that the non-city portion is no longer General Fund revenue, so it should not be included in the REC forecast?
 - The changes in state law took effect in 2024, and our understanding is that we have not distributed any of the shared revenue since the laws went into effect. If that is true, will the City's portion of the distributed revenues be recognized as 2025 revenue, assuming the distribution of 2024 collections takes place in 2025?
- -\$11 million in Intergovernmental:
 - Is this recommended reduction due solely to the end of the State's UPL program? If not, please provide further detail.
- Long-Term Forecasts:
 - On the final substantive slide of the July REC presentation, the "Long Term General Fund Revenue Forecast" appears to show a 2025 General Fund revenue forecast of \$748,535,429 and a 2026 General Fund revenue forecast of \$731,149,445 in the "No Recession" row. The 2026 forecast reflects a reduction of \$17,385,984 compared to the 2025 forecast, and our understanding from the REC discussion was that the 2026 reduction was characterized as General Fund revenue being appropriated in the Housing Trust Fund. We would appreciate an explanation of how the use of General Fund revenue could be characterized as a reduction in General Fund revenue. Would we not have to forecast and recognize General Fund revenue as General Fund revenue regardless of its use? There is no revenue source for the Housing Trust Fund other than bond proceeds and General Fund revenues (i.e. taxes), unless something has changed. An analog of this scenario (using General Fund revenue via a Housing Trust Fund appropriation) is the use of General Fund revenue for the payment of judgments via the Judgment Fund. Please advise.

Amnesty:

- In addition to the recommended adjustments above, we would appreciate information as to how amnesty is accounted for in the recommended “2025 Proposed Forecast Update.” Currently, [this website](#) provides the opportunity for amnesty via the PromisePay program for past-due parking and traffic camera tickets, documentary taxes, and Sewerage & Water Board bills. Separately, Finance is using the PromisePay program on [this website](#) for amnesty for business personal property taxes, but Romy has referenced using PromisePay for other taxes as part of amnesty as well. How are amnesty efforts for these taxes and any others reflected in the 2025 Proposed Forecast Update? If amnesty efforts are not reflected, we would appreciate an explanation of the rationale behind excluding these amnesty efforts.
- Interest Revenues:
 - Finally, we would appreciate an explanation of the revenue estimates for interest (object codes beginning with 540). It appears that the 2025 revenue estimate includes no estimate for interest to be collected on 2024A bond proceeds, from the \$183M in tax-exempt bond proceeds received in September 2024 (object code 5401161). BRASS data appear to reflect \$2.83M in 2024A interest received in 2024 and \$3.1M in 2024A interest received so far in 2025. Perhaps this revenue could offset some reductions anticipated elsewhere, mitigating the need for a reduction in revenue estimates to the extent of the anticipated interest revenue. While we understand that an interest estimate may be a moving target due to bond proceeds being spent throughout the year, we would appreciate being provided an explanation of how capital interest is estimated and received and whether this 2024A interest is reflected anywhere else in the 2025 revenue estimate. If it excluded, we would appreciate an explanation of the rationale behind excluding it.

My team and I are happy to meet and discuss as needed. Thanks.

Gilbert A. Montaña
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exempt from public release under the Freedom of Information Act (5 U.S.C. 552), Views or opinions expressed in this email are those of the sender.

From: Matthew L Cooper <Matthew.Cooper@nola.gov>
Sent: Monday, August 11, 2025 4:28 PM
To: Joseph I. Giarrusso <Joseph.Giarrusso@nola.gov>
Cc: Romy Samuel1 <Romy.Samuel@nola.gov>; Freda G. Richardson <fgrichardson@nola.gov>; Tiffany Crawford <Tiffany.Crawford@nola.gov>; Gilbert A. Montaña <Gilbert.Montano@nola.gov>
Subject: RE: REC Follow-up questions

CM Giarrusso: The attached is in response to the CAO's info request below, dated July 22, following the July 18th REC where the 2025 forecast downgrade was discussed.

Note that the presentation focuses on the background for the forecast downgrade only. Finance Dept. leadership will be available at the next REC to directly address those questions on city operations and/or policy.

Thank you,

Matthew Cooper
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From: Joseph I. Giarrusso <Joseph.Giarrusso@nola.gov>
Sent: Friday, August 8, 2025 5:06 PM
To: Matthew L Cooper <Matthew.Cooper@nola.gov>
Subject: Fw: REC Follow-up questions

Good afternoon. Will you please forward me the answers to these questions on Monday? Thanks.

Joe

From: Gilbert A. Montañó <Gilbert.Montano@nola.gov>

Sent: Tuesday, July 22, 2025 1:40 PM

To: Matthew L Cooper <Matthew.Cooper@nola.gov>

Cc: Romy S. Samuel <rssamuel@nola.gov>; Freda G. Richardson <fgrichardson@nola.gov>; Jonathan T. Harris <jonathan.harris@nola.gov>; Shelbi M. Flynn <smflynn@nola.gov>; Brandye A. DeLarge <badelarge@nola.gov>; Abby B Vienne <Abby.Vienne@nola.gov>

Subject: REC Follow-up questions

Hi Mathew:

To follow up on the July 18 REC Presentation, my team and I would appreciate detailed responses to the questions below. The basic request is for more information about the recommended reduction in estimated 2025 revenues of \$27,580,244 on slide 16 of the presentation. Our records show that 2020 was the only year during this Administration that there was a mid-year downward revision in the REC's forecast, so this reduction would be a departure from the norm. The REC received some information verbally on the 18th, but we would appreciate a written explanation, data, and rationale underlying the information you provided during the meeting.

First, we request that you please provide the object-code breakdown for all recommended adjustments. For example, for EMS collections, we assume that you recommend adjusting object code 5251213 upward by \$11,000,000, but we would appreciate confirmation. Please provide the breakdown by object code for all recommended adjustments.

Second, we have specific questions about some of the revenue categories discussed during the REC meeting.

-\$10.97 million in Property Tax

In 2024, we estimated \$189 million in property tax receipts but received \$171.9 million, and slide 13 of the REC presentation references a 2024 compliance rate of ~87%. In 2025, we initially estimated \$191 million in property tax receipts, but you are now recommending a reduction in the estimate to \$180 million. During the REC meeting, you referenced historical patterns in property tax collections based on the quadrennial reassessment calendar, but we do not have the underlying data showing those patterns or the basis for your recommended reduction. Please provide the data at your earliest convenience. If you have identified historical patterns that suggest a particular compliance rate for 2026, please specifically

identify that rate.

Slide 13 also references a combination of “non-payments and decreased taxable value following owner appeals.” Your comments during the REC suggested that the details underlying the compliance rate are not available, but please explain what happens when higher non-payment rates are identified. Are we sending all unpaid property tax bills to tax sale, and are tax sales the only mechanism to go after unpaid property taxes? Could we use PromisePay or the State’s Office of Debt Recovery to help increase compliance rates for current year property taxes?

Additionally, please let us know if revenues collected following unpaid property tax bills are recognized in the “prior year” property tax category when they are collected, and whether we increase estimates for prior year property tax revenue in years following low compliance rates. If you have seen any patterns in historical reassessment and collection data, please provide those as well.

-

-\$8.15 million in Other Taxes

Please confirm that this recommended reduction is one half of the dollar amount reported on slide 15, reflecting direct reductions due to state legislative action. Also, please provide the rationale behind the estimated reduction of \$6.2M for vehicles for lease or rental, as compared to the total amount of taxes estimated to be received. Assuming the object code affected is 5101007 for Motor Vehicle Tax, the recommended reduction suggests that about three-fourths of our vehicle tax revenue comes from vehicles for lease or rental, so we would appreciate the data/rationale underlying the recommendation. Similarly, we would appreciate the data/rationale underlying the estimated reduction due to the Public Contracts Exemption.

-

-\$8.46 million in Fines and Forfeits

Slide 14 of the REC presentation highlighted that the City was “estimated to retain 32% of Total Traffic Enforcement Camera Revenue” and a dollar amount of \$6.3m was provided as “2023 Retention Under Current Sharing.” Perhaps it would be most helpful to provide an explanation of what traffic camera revenue we recognize, and if that has changed due to the change in state law. Are we now estimating and recognizing the full amount of revenue remitted to the City (before distributions to S&WB and OPSB, among others)? Or are we only estimating and recognizing City’s portion of the shared revenue?

If it's not clear from the explanation above, could you please explain how the updated revenue sharing is reflected in the recommended forecast revision for fines and forfeits, using 2025 estimates? If the reduction in the revised forecast includes any other revenue reductions, please provide the details of the additional reduction(s).

Finally, the changes in state law took effect in 2024, and our understanding is that we have not distributed any of the shared revenue since the laws went into effect. If that is true, with the distributed revenues be recognized as 2025 revenue, assuming the distribution of 2024 collections takes place in 2025?

-

-\$11 million in Intergovernmental

Is this recommended reduction due solely to the end of the State's UPL program? If not, please provide further detail.

-

+\$11 million in Service Charges

Is the increase of \$11 million in Service Charges solely attributable to EMS fees? Assuming so, could you please provide a breakdown of the EMS revenue increases underlying the recommended increase?

-

Long-Term Forecasts

On the final substantive slide of the REC presentation, the "Long Term General Fund Revenue Forecast" appears to show a 2025 General Fund revenue forecast of \$748,535,429 and a 2026 General Fund revenue forecast of \$731,149,445 in the "No Recession" row. The 2026 forecast reflects a reduction of \$17,385,984 compared to the 2025 forecast, and our understanding from the REC discussion was that the 2026 reduction was characterized as General Fund revenue being appropriated in the Housing Trust Fund. We would appreciate an explanation of how the use of General Fund revenue could be characterized as a reduction in General Fund revenue. Would we not have to forecast and recognize General Fund revenue as General Fund revenue regardless of its use? There is no revenue source for the Housing Trust Fund other than bond proceeds and General Fund revenues (i.e. taxes), unless something has changed. An analog of this scenario (using General Fund revenue via a Housing Trust Fund appropriation) is the use of General Fund revenue for the payment of judgments via the Judgment Fund. Please advise.

Amnesty

In addition to the recommended adjustments above, we would appreciate information as to how amnesty is accounted for in the recommended "2025 Proposed Forecast Update." Currently, [this website](#) provides the opportunity for amnesty via the PromisePay program for past-due parking and traffic camera tickets, documentary taxes, and Sewerage & Water Board bills. Separately, Finance is using the PromisePay program on [this website](#) for amnesty for business personal property taxes, but Romy has referenced using PromisePay for other taxes as part of amnesty as well. How are amnesty efforts for these taxes and any others reflected in the 2025 Proposed Forecast Update? If amnesty efforts are not reflected, we would appreciate an explanation of the rationale behind excluding these amnesty efforts.

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Interest Revenues

Finally, we would appreciate an explanation of the revenue estimates for interest (object codes beginning with 540). It appears that the 2025 revenue estimate includes no estimate for interest to be collected on 2024A bond proceeds, from the \$183M in tax-exempt bond proceeds received in September 2024 (object code 5401161). BRASS data appear to reflect \$2.83M in 2024A interest received in 2024 and \$3.1M in 2024A interest received so far in 2025. Perhaps this revenue could offset some reductions anticipated elsewhere, mitigating the need for a reduction in revenue estimates to the extent of the anticipated interest revenue.

While we understand that an interest estimate may be a moving target due to bond proceeds being spent throughout the year, we would appreciate being provided an explanation of how capital interest is estimated and received and whether this 2024A interest is reflected anywhere else in the 2025 revenue estimate. If it excluded, we would appreciate an explanation of the rationale behind excluding it.

Thank you for the follow-up information. Based on the answers provided, we may request a briefing for further discussions.

Thanks, Gilbert

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