



## **Budget Amendment Notice Required by La. R.S. 39:1311(A)**

November 18, 2024

Dear Council Members,

On August 13, 2024, Ordinance No. 2024-004 was enacted establishing a budget for April 26, 2024 through December 31, 2024 ("2024 Budget") based on revenue estimates provided by the Consolidated Government for the City of Baton Rouge and Parish of East Baton Rouge ("City-Parish") to the Legislative Fiscal Office for the St. George Transition District legislation and expenditure estimates based on the City of Central's audit adjusted for the population estimate for St. George.

The 2024 Budget anticipated receipt of revenues and the transition of services from the City-Parish to St. George prior to December 31, 2024. When the 2024 Budget was proposed in July of 2024 following the Louisiana Supreme Court's denial of the request for rehearing in *Broome, et al. v. Rials, et al.*, it was anticipated that:

1. the City-Parish would comply with applicable laws requiring the City-Parish to remit the 2% sales and use tax pursuant to the Resolution enacted by the St. George Transition District;
2. the City-Parish would cooperate to seamlessly transition services to St. George in accordance with an intergovernmental agreement whereby services provided by the City-Parish to other municipalities would be provided to St. George upon the same terms and the City-Parish would not discontinue any services prior to St. George having sufficient funding to procure such services; and
3. St. George would have sufficient funds available to advertise a request for qualifications and proposals with an appropriate effective date to enable the seamless transition of essential services from the City-Parish to St. George.

While the City-Parish has since April 26, 2024, the date the Louisiana Supreme Court reversed the rulings of lower courts and found the incorporation of the City of St. George reasonable, collected 2% sales and use tax within St. George and has received the 2% sales and use taxes remitted by the Office of Motor Vehicles and the Louisiana Remote Sellers Commission for distribution to the appropriate taxing authorities, the City-Parish has failed to remit the collections to the St. George Transition District as required by law. Further, the City-Parish has discontinued certain services within St. George and has continued to delay the finalization of an intergovernmental agreement that would allow St. George to procure proposals for the delivery of essential services. Since as of

this date no revenues have been remitted to the St. George Transition District until the City of St. George began issuing building permits, providing planning and zoning services, and issuing occupational licenses on October 16, 2024, the City of St. George had no revenues.

While the St. George Transition District was authorized by the Louisiana State Bond Commission to borrow \$1,000,000 and the City of St. George was able to begin issuing building permits and occupational licenses and providing planning and zoning services on October 16, 2024, the limited revenues available to the City of St. George are insufficient for St. George to provide essential public services. Due to the delay in transitioning essential public services, I recommend adjusting the term of the 2024 Budget to July 1, 2024 through June 30, 2025 in anticipation of the revenues that will be available upon approval of the transfer of the 2% sales and use tax from the St. George Transition District to the City of St. George with collections beginning on April 1, 2025 and payable to the City of St. George on June 10, 2025.

Due to the delay in transitioning services, notice is hereby given to comply with La. R.S. 39:1311(A) of the following circumstances:

- (1) Total revenue and other sources plus projected revenue and other sources for the remainder of the budget year for the General Fund are failing to meet total budgeted revenues and other sources by 5% or more with the budget ending December 31, 2024; and
- (2) Total actual expenditures and other uses plus projected expenditures and other uses for the remainder of the budget year for the General Fund could exceed the total revenues and other uses by 5% or more with the budget ending December 31, 2024.

I am optimistic that the mediation scheduled for November 21, 2024, will result in an intergovernmental agreement to transition revenues and services which can be presented to you and the Metropolitan Council for approval.

In order to comply with the requirements of the Local Governmental Budget Act to amend the 2024 Budget, I plan to submit a proposed amendment to the 2024 Budget to you for consideration on or before November 25, 2024 for introduction at the November 26, 2024 Council Meeting and to schedule a public hearing on the proposed amendment to the 2024 Budget on December 10, 2024 at 4:30 p.m. to allow the amendment the 2024 Budget to be considered at the December 10, 2024 Regular Council Meeting and for the budget to be effective on January 1, 2025.

If you need additional information regarding this matter, please contact me.

Sincerely,



Dustin Yates, Mayor