



## Report Highlights

# Impact of COVID-19 and Hurricane Laura on Local Government Finances

## Update to May 7, 2020 Report

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Audit Control # 40250001

Performance Audit Services • September 2020

### Why We Conducted This Audit

This report updates and extends the results of our analysis of the impact of COVID-19 on local government finances in Louisiana, which we issued on May 7, 2020 by incorporating newly available economic data along with the impact of Hurricane Laura, which made landfall in Cameron, Louisiana on August 27, 2020. This report also extends the local government projections through fiscal year 2025, provides results at a quarterly level, and now includes gaming revenues. We also accounted for additional factors in our economic model, including the impact of a state law relating to property assessments after declared emergencies, and the potential impact on revenue resulting from the non-renewal of ad valorem and sales taxes in calendar year 2020.

### What We Found

Using updated economic data, we now estimate that local government revenues from sales taxes, ad valorem taxes, mineral-related revenues, and gaming revenues will decrease by \$180.0 million to \$202.8 million (2.1% to 2.3%) for fiscal year 2020, and by \$342.9 million to \$657.3 million (3.9% to 7.8%) for fiscal year 2021 as a result of COVID-19 and Hurricane Laura. Compared to our May 7, 2020 forecast, our new projections anticipate a larger reduction in ad valorem taxes, but a smaller reduction in sales taxes and overall revenues. This report also includes the estimated impact of Hurricane Laura on the revenue projections for ten parishes, which are outlined below.

In addition, over \$156.8 million in ad valorem taxes and over \$19.3 million in sales taxes affecting 46 of the 64 parishes will expire at the end of calendar year 2020 unless renewed by voters. The non-renewal of these taxes could result in additional revenue losses for local governments if voters do not renew these taxes, but it could also provide tax relief for taxpayers.

**Estimated Effects of COVID-19 and Hurricane Laura  
on Local Government Ad Valorem and Sales Taxes and Mineral-Related and Gaming Revenues  
Amounts in Millions of Dollars**

Scenario		FYE June 2020	FYE June 2021	FYE June 2022	FYE June 2023	FYE June 2024	FYE June 2025	Total
Without COVID-19 and Laura	Revenues	\$8,853.5	\$9,120.0	\$9,545.8	\$9,845.2	\$10,164.2	\$10,504.3	\$58,033.0
	Effect	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
With COVID-19 and Laura (Average)	Revenues	\$8,661.5	\$8,597.3	\$9,303.6	\$9,756.5	\$10,166.4	\$10,496.8	\$56,982.1
	Effect	(\$192.0)	(\$522.7)	(\$242.2)	(\$88.7)	\$2.3	(\$7.5)	(\$1,050.9)
With COVID-19 and Laura (Pessimistic)	Revenues	\$8,650.7	\$8,462.7	\$8,977.1	\$9,406.8	\$9,898.3	\$10,393.6	\$55,789.3
	Effect	(\$202.8)	(\$657.3)	(\$568.7)	(\$438.4)	(\$265.9)	(\$110.7)	(\$2,243.7)
With COVID-19 and Laura (Optimistic)	Revenues	\$8,673.5	\$8,777.1	\$9,534.3	\$9,844.7	\$10,186.6	\$10,508.5	\$57,524.7
	Effect	(\$180.0)	(\$342.9)	(\$11.5)	(\$0.5)	\$22.4	\$4.2	(\$508.3)

Source: Prepared by legislative auditor's staff using data sources summarized in Appendix A.

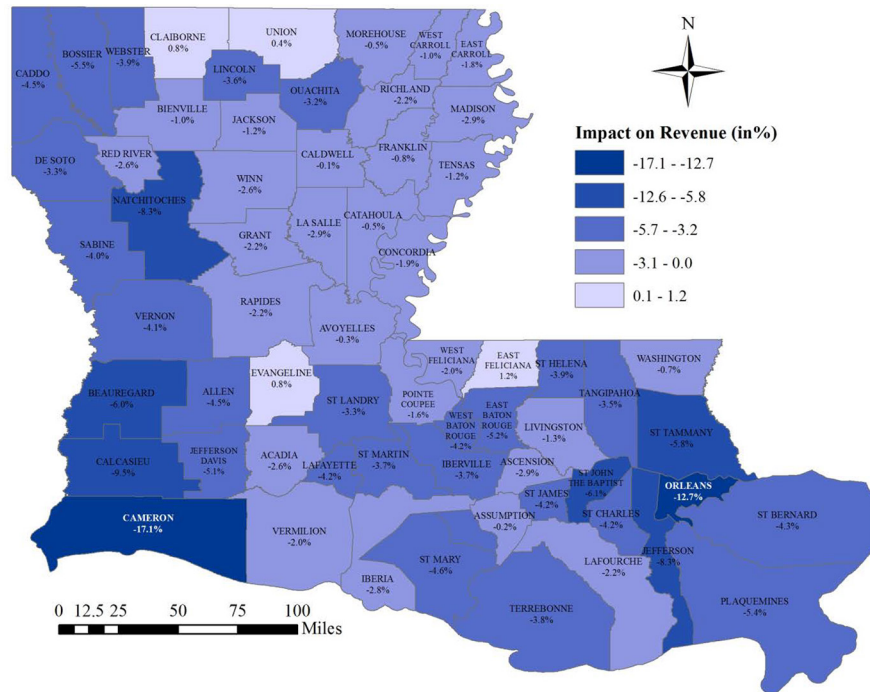
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## What We Found (Cont.)

Effect of COVID-19 and Hurricane Laura on Local Government Revenues, by Parish  
Fiscal Year 2021  
Average Scenario



Source: Prepared by legislative auditor's staff using data sources described in Appendix A.

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# Impact of COVID-19 and Hurricane Laura on Local Government Finances

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## What We Found (Cont.)

Effect of COVID-19 and Hurricane Laura on Local Government Revenues  
Average Scenario, Most Impacted Parishes\*  
Fiscal Year 2021

Parish	Revenue† (Without COVID-19 and Hurricane Laura)	Overall Effect of COVID-19 (\$)	Effect of COVID-19 (%)	Revenue† (With COVID-19, without Hurricane Laura)	Effect of Hurricane Laura on Sales Tax	Effect of Hurricane Laura on Ad Valorem Tax	Overall Effect of Hurricane Laura (\$)**	Effect of COVID-19 and Hurri- cane Laura (%)	Revenue† (With COVID-19 and Hurricane Laura)
Allen	32,385,058	(231,612)	(0.7%)	32,153,446	1,235,550	(2,464,294)	(1,228,744)	(4.5%)	30,924,702
Beauregard	57,934,553	(436,065)	(0.8%)	57,498,488	1,959,116	(5,016,495)	(3,057,380)	(6.0%)	54,441,109
Calcasieu	620,851,454	(55,943,802)	(9.0%)	564,907,653	29,564,515	(32,895,028)	(3,330,514)	(9.5%)	561,577,139
Cameron	38,324,038	(145,694)	(0.4%)	38,178,344	0	(6,401,582)	(6,401,582)	(17.1%)	31,776,762
Grant	14,703,441	537,858	3.7%	15,241,299	464,055	(1,325,968)	(861,913)	(2.2%)	14,379,385
Jefferson Davis	48,495,656	(1,014,701)	(2.1%)	47,480,956	1,996,838	(3,434,079)	(1,437,241)	(5.1%)	46,043,715
Natchitoches	56,586,318	(2,824,282)	(5.0%)	53,762,036	2,335,599	(4,201,107)	(1,865,508)	(8.3%)	51,896,527
Sabine	46,595,770	(1,021,209)	(2.2%)	45,574,561	2,008,975	(2,849,806)	(840,831)	(4.0%)	44,733,730
Vernon	48,351,228	(1,071,297)	(2.2%)	47,279,931	2,149,451	(3,079,050)	(929,600)	(4.1%)	46,350,331
Winn	19,883,412	(324,598)	(1.6%)	19,558,814	872,936	(1,055,604)	(182,668)	(2.6%)	19,376,146
All Other	8,135,872,535	(440,046,289)	(5.4%)	7,695,826,246	0	0	0	(5.4%)	7,695,826,246
<b>Total</b>	<b>9,119,983,464</b>	<b>(502,521,690)</b>	<b>(5.5%)</b>	<b>8,617,461,774</b>	<b>42,587,034</b>	<b>(62,723,015)</b>	<b>(20,135,980)</b>	<b>(0.2%)</b>	<b>8,597,325,793</b>

† Revenues in this table include sales taxes, ad valorem taxes, severance taxes, mineral royalties, and gaming revenues.

\* Most impacted parishes consist of those with more than 50% of electric customers without power as of September 1, 2020.

\*\* Hurricane Laura could also impact gaming revenues, mineral royalties, and severance taxes; however, the impact on these revenue streams is difficult to quantify at this time.

Source: Prepared by legislative auditor's staff using data sources described in Appendix A.