

MOTION

NO. M-25-481

CITY HALL: September 25, 2025

BY: COUNCILMEMBER MORRELL

SECONDED BY:

WHEREAS, The City of New Orleans faces a budget shortfall this year of over \$100 million that is putting strain on the City's ability to deliver public services; and

WHEREAS, In response to the shortfall, the Administration suggests raising the local sales tax from 2.5% to 3%, estimating this will raise \$35 million in additional revenue to the City's General Fund; and

WHEREAS, The Administration's push to raise sales tax overlooks a significant shortfall within the Department of Finance; and

WHEREAS, The Department of Finance, pursuant to Section 150-481 of the City Code, has the authority to perform sales tax audits to ensure compliance with the City's sales tax law; and

WHEREAS, Last year, the Department completed only 26 sales tax audits, a decrease of 40% from 2023 in which 67 audits were performed; and

WHEREAS, By comparison, the Jefferson Parish Sheriff's Office, entrusted with sales tax collections in that parish, performed over 300 sales tax audits in 2024; and

WHEREAS, Audits are proven to foster higher levels of compliance among those who make inadvertent mistakes and can result in a significant increase in revenue when used strategically; and

WHEREAS, Before the City Council will consider raising the current sales tax rate, there must be a concerted effort by the Department of Finance to enforce the existing laws through audits; **NOW, THEREFORE**

BE IT MOVED BY THE COUNCIL OF THE CITY OF NEW ORLEANS, That the Department of Finance is ordered to bring the number of completed sales tax audits in line with that of similarly situated parishes, including Jefferson Parish.

BE IT FURTHER MOVED, That if the Department of Finance does not have the internal capacity to increase its auditing functions, the Department should issue an RFP for a third-party auditing service to perform sales tax audits on a contingency fee basis.

BE IT FURTHER MOVED, That the Clerk of Council provide a copy of this Motion to Romy Samuel, Director of the Department of Finance, Joe Threat Sr., Chief Administrative Officer, Brandye DeLarge, Director of Budget and Audit, and Donesia Turner, City Attorney.

THE FOREGOING MOTION WAS READ IN FULL, THE ROLL WAS CALLED ON THE ADOPTION THEREOF AND, RESULTED AS FOLLOWS:

YEAS:

NAYS:

ABSENT:

AND THE MOTION WAS ADOPTED.