

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 538** HLS 10RS 249

Bill Text Version: **ENROLLED**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

Date: June 14, 2010 7:22 PM	Author: BURFORD, RICHIE
Dept./Agy.: Local Lodging Tax	Analyst: Deborah Vivien
Subject: New 3% tax for lodging in Mansfield	

TAX/HOTEL OCCUPANCY EN +\$38,000 LF RV See Note Page 1 of 1
 Authorizes the governing authority of the city of Mansfield to levy and collect a hotel occupancy tax subject to voter approval

Under current law, lodging in DeSoto Parish is subject to sales and use taxes of 4% for the state and 3% for the local taxing authority. The state and local funds generated by the taxes are dedicated to tourism and economic development purposes in DeSoto Parish.

Proposed law authorizes an additional local levy of up to 3% on lodging within the city of Mansfield, which is the parish seat of DeSoto Parish, for deposit into the general fund of the city. This levy must be approved by a majority of the voters before it is implemented.

Effective on July 1, 2010.

EXPENDITURES	2010-11	2011-12	2012-13	2013-14	2014-15	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	\$0
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

REVENUES	2010-11	2011-12	2012-13	2013-14	2014-15	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	<u>\$38,000</u>	<u>\$38,000</u>	<u>\$38,000</u>	<u>\$38,000</u>	<u>\$38,000</u>	\$190,000
Annual Total	\$38,000	\$38,000	\$38,000	\$38,000	\$38,000	\$190,000

EXPENDITURE EXPLANATION

The collection of this levy may require additional resources by the city of Mansfield, depending on how the levy is collected. If the levy is collected in the same manner as the current tax on lodging, the parish governing authority may be able to collect on behalf of the city with minimal expense.

REVENUE EXPLANATION

The city of Mansfield may collect annual revenue of about \$38,000 at the full 3% authorized levey, based on historical collections of the 4% state sales and use tax on the same lodging expenditures. The three year average collections in DeSoto Parish are \$50,462 for the 4% state lodging tax, which implies a base of lodging expenditures of \$1,261,542. Applying 3% to this base results in anticipated annual collections of \$37,846. This estimate assumes that all of the establishments subject to remitting the tax are within the city limits of Mansfield, which is the largest city in the parish. To the extent that these establishments are not inside the city limits, actual collections for Mansfield will be less than this estimate. In addition, testimony regarding the bill indicated that two more hotels are planned in the area as a result of the Haynesville Shale activity. Any additional revenue generated from those hotels, should they become operational would be added to the estimate above.

Senate

Dual Referral Rules

House

- 13.5.1 >= \$100,000 Annual Fiscal Cost
- 13.5.2 >= \$500,000 Annual Tax or Fee Change

- 6.8(F) >= \$100,000 Annual SGF Cost
- 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease

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