

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 53** HLS 162ES 3
 Bill Text Version: **ORIGINAL**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: June 6, 2016 9:39 PM	Author: ABRAMSON
Dept./Agy.: Revenue	Analyst: Deborah Vivien
Subject: Imposes a new access charge on certain public facilities	

TAX OR INCREASE GF RV See Note Page 1 of 2
 Provides with respect to sales of certain services and tangible personal property at certain publicly owned facilities (Item #35)

Current law exempts state or locally owned domed stadium facilities, baseball facilities and the publicly owned property on which the facilities are located from state and local sales tax for all events except trade shows. State sales tax is exempt at other publicly owned facilities if the local sales tax is also exempt, with the exception of trade shows at which the sale of such goods is the primary purpose.

Proposed law removes the exemption for state sales tax on all public facilities, including the Superdome/Arena, Zephyr Field, CajunDome, and others and imposes a Local Public Entertainment Facility Access Charge of 4% of retail sales on all public facilities currently exempt from local sales tax. Certain state sales tax and Access Charge exemptions will apply, including all sales, services or other transactions related to athletic and bid-upon events at all public facilities (primary ticket market and secondary ticket market if nonprofit including parking), sales of team merchandise store at the facility, 50% of all other ticket sales (100% for events contracted on or before (continued))

EXPENDITURES	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>	<u>2020-21</u>	<u>5 -YEAR TOTAL</u>
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
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						

REVENUES	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>	<u>2020-21</u>	<u>5 -YEAR TOTAL</u>
State Gen. Fd.	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
Annual Total						

EXPENDITURE EXPLANATION

The Department of Revenue may incur additional expenses with collections and monthly distribution of proceeds of the Local Public Entertainment Facility Access Charge. However, the agency may retain up to 0.5% of the proceeds of the Access Charge to help fund administrative expenses.

REVENUE EXPLANATION

The bill can only result in an increase in collections since it removes exemptions and imposes an additional fee. The value of the exemption for sales at public facilities may be reported in the "Other" category on the state sales tax form and in the Tax Exemption Budget. The bill leaves unchanged any local sales tax exemptions but removes the state sales tax exemption on all public stadiums and facilities while imposing a new Local Public Entertainment Facility Access Charge of 4% of retail sales. For all public facilities, the Access Charge is subject to the same exemptions as the state sales tax. The Access Charge is only exempt if local sales tax is imposed. Along with all trade shows, any non-athletic or non-bid events (except youth, high school or intercollegiate athletic events, or any event sponsored by a nonprofit, Louisiana-based civic, educational, historical charitable, fraternal or religious organization) are taxable at 50% of admission.

To the extent that impacted transactions occur, state general fund and local revenue will increase. The magnitude of any such increase is not readily determinable, but the bill seems to apply to only a limited set of transactions at the larger facilities. The bill also removes the upper population restriction on domed arena facilities and lowers the seating requirement for professional baseball facilities, which could increase the impacted facilities, though the same facilities may currently fall under the 39:468 public facilities statute. The Access Charge will apply only if a local sales tax exemption is in place.

Proceeds of state sales tax collections from the Superdome/Arena is dedicated at 30% to LSMSA/NOCCA with 70% to the state general fund. Proceeds of the Access Charge are returned to the locality in which the charge was collected. If collected at a facility on the property of a Higher Education Institution, the funds remain with the institution. Otherwise, the Access Charge proceeds will be dedicated to the local Council on Aging, except in Orleans Parish, where the proceeds will be dedicated to the early childhood care and education network established in Orleans Parish by BESE (may not supplant current funding).

Call number 35.

<p><u>Senate</u> <u>Dual Referral Rules</u> <u>House</u></p> <p><input type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H}</p> <p><input checked="" type="checkbox"/> 13.5.2 >= \$500,000 Annual Tax or Fee Change {S&H}</p>	<p><input type="checkbox"/> 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}</p> <p><input type="checkbox"/> 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}</p>
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Gregory V. Albrecht
Chief Economist



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CONTINUED EXPLANATION from page one:

BILL SUMMARY (Continued from Page 1)

7/1/16), and facility tours. Facilities currently subject to state sales tax due to local taxation, such as Tiger Stadium, LSU Assembly Center, Hammond Civic Center and possibly others will have no change. Trade shows remain taxable at all public facilities.

The bill also removes the upper population restriction on domed arena facilities and lowers the seating requirement for professional baseball facilities.

The Department of Revenue may retain up to 0.5% of the Access Charge for administrative expenses. The bill allocates 30% of 1¢ of all state sales tax from the Superdome/Arena to LA School for Math, Science and the Arts (LSMSA) and the New Orleans Center for the Creative Arts (NOCCA) with the remainder to the state general fund. The proceeds of the Access Charge will be distributed monthly back to the local area in which it was generated. If the facility is on higher education property, proceeds will be returned to that institution. The remainder will be allocated to the local Council on Aging, except in Orleans Parish, where it will be dedicated to the early childhood care and education network established in Orleans Parish by BESE (may not supplant current funding). Effective for tax periods beginning on or after 7/1/16.

Senate Dual Referral Rules House

- 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H}
13.5.2 >= \$500,000 Annual Tax or Fee Change {S&H}
6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}
6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

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