

LEGISLATIVE FISCAL OFFICE

Fiscal Note



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

Date: June 10, 2016 3:23 PM **Author:** ABRAMSON
Dept./Agy.: Revenue **Analyst:** Deborah Vivien
Subject: Imposes a new access charge on certain public facilities

TAX RE INCREASE GF RV See Note Page 1 of 1
 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 subjects all domed stadium and public facilities to state sales tax, regardless of local taxation status, and to a Local Public Entertainment Facility Access Charge of 4% of retail sales. However, if the facility is already subjected to local sales tax, it is exempt from the Local Access Charge. Except the CajunDome, public facilities that were already subject to local sales tax are not affected by the bill. Certain events are exempt from taxation in the impacted facilities including all sales, services or other transactions related to athletic events (and bid-upon events at largest public facilities) including 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 9/1/16), and facility tours. Trade shows remain taxable at all public facilities. (Continued at bottom of page)

EXPENDITURES	2016-17	2017-18	2018-19	2019-20	2020-21	5 -YEAR TOTAL
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>	<u>\$0</u>
Annual Total						

REVENUES	2016-17	2017-18	2018-19	2019-20	2020-21	5 -YEAR TOTAL
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 1.5% 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. 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. 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.

BILL SUMMARY (Continued from above)

The bill also removes the upper population restriction on domed arena facilities which may bring other facilities into the statute and lowers the seating requirement for professional baseball facilities.

The Department of Revenue may retain up to 1.5% 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) in equal parts with the remainder to the state general fund. The proceeds of the Access Charge will be distributed quarterly back to the parish governing authority 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. Exceptions include Orleans Parish, where 20% will be allocated to the Council on Aging, and proceeds from the Angola Rodeo, where 64% will be allocated to the West Feliciana School Board and 34% to the West Feliciana Council on Aging.

Effective for tax periods beginning on or after 9/1/16.

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

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