



**OFFICE OF LEGISLATIVE AUDITOR
Fiscal Note**

Fiscal Note On: **HB 133** HLS 18RS 290
 Bill Text Version: **ORIGINAL**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: March 12, 2018 11:04 AM	Author: BRASS
Dept./Agy.: City of Gonzales	Analyst: Benjamin LeBlanc
Subject: Hotel Occupancy Tax	

TAX/HOTEL OCCUPANCY OR INCREASE LF RV See Note Page 1 of 1
 Authorizes the governing authority of the City of Gonzales to levy a hotel occupancy tax.

Purpose of Bill: This bill allows the City of Gonzales to levy a hotel occupancy tax not to exceed 2%. The tax proceeds are required to be used to fund the financing, construction, maintenance, and operation of an event and conference center for the City of Gonzales. This measure also provides that the tax be approved by the voters of the City, and be imposed by a City ordinance.

EXPENDITURES	<u>2018-19</u>	<u>2019-20</u>	<u>2020-21</u>	<u>2021-22</u>	<u>2022-23</u>	<u>5 -YEAR TOTAL</u>
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	\$6,500	\$225,833	\$725,000	\$740,250	\$756,263	\$2,453,846
Annual Total	\$6,500	\$225,833	\$725,000	\$740,250	\$756,263	\$2,453,846

REVENUES	<u>2018-19</u>	<u>2019-20</u>	<u>2020-21</u>	<u>2021-22</u>	<u>2022-23</u>	<u>5 -YEAR TOTAL</u>
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	\$125,000	\$525,833	\$655,000	\$687,750	\$722,138	\$2,715,721
Annual Total	\$125,000	\$525,833	\$655,000	\$687,750	\$722,138	\$2,715,721

EXPENDITURE EXPLANATION

This bill may increase local fund expenditures by approximately \$2,500,000 over the next five years.

This proposed tax must be approved by voters of the City of Gonzales. An official with the City plans to place the tax on the ballot for the November 6, 2018 election. An official with the Secretary of State indicated that the hotel tax election allocation for Gonzales would be up to \$4,000.

The City estimates the total construction cost of the event center would be \$7,500,000 resulting in an annual construction loan expense of \$420,000, and that the event center would incur annual operating expenses of approximately \$305,000.

Fiscal Year 2018-2019: Includes election cost plus legal and professional fees; Fiscal Year 2019-2020: Includes a portion of the loan and operating expenses; Fiscal Year 2020-2021: Includes a full year of operating expenses and loan expenses; Fiscal Year 2021-2022: Includes a full year of operating expenses (with a 5% increase) and loan expenses; Fiscal Year 2022-2023: Includes a full year of operating (with a 5% increase) and loan expenses.

REVENUE EXPLANATION

This bill may increase local fund revenues by approximately \$2,700,000 over the next five years.

An official with the City of Gonzales indicated that based on the current parish-wide 2% tourism tax, an estimate for a 2% City hotel tax would be revenue of \$500,000 annually. He also indicated that the Parish Sheriff's office will likely collect the tax at a rate of 2%. The City estimates that the event center would earn \$155,000 in annual operating revenues and there would be a 5% increase in both the hotel tax revenue and the event center's operating revenue starting in Fiscal Year 2020 - 2021.

Fiscal Year 2018-2019: Includes 3 months of tax revenue; Fiscal Year 2019-2020: Includes a full year of tax revenue and 2 months of the event center's operating revenue; Fiscal Year 2020-2021: Includes a full year of tax revenue and operating revenue; Fiscal Year 2021-2022: Includes a full year of tax revenue and operating revenue (both with a 5% increase); Fiscal Year 2022-2023: Includes a full year of tax revenue and operating revenue (both with a 5% increase).

Senate
 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H}
 13.5.2 >= \$500,000 Annual Tax or Fee Change {S&H}

House
 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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