

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **SB 2** SLS 182ES 43
 Bill Text Version: **ENROLLED**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: June 8, 2018 9:59 AM **Author:** CLAITOR
Dept./Agy.: Department of Revenue **Analyst:** Ryan Guidry
Subject: Distribution of automobile rental tax collected in EBR Parish

FUNDS/FUNDING EN +\$53,333,333 LF RV See Note Page 1 of 1
 Provides for the dedication of certain local avails of the automobile rental tax collected in East Baton Rouge Parish. (Item #11)(7/1/18)

Present law, relative to avails of the automobile rental tax collected in East Baton Rouge Parish, dedicates 40% to the East Baton Rouge Council on Aging; 40% to Capital Area Human Services, and 20% to the Arts Council of Greater Baton Rouge for its operations and programs. Proposed law provides for dedication of 40% of the avails to the East Baton Rouge Office of the Public Defender rather than the East Baton Rouge Council on Aging; otherwise retains present law.
Proposed law redirects the deposit of the \$53,333,333 FY 19 economic damage proceeds from the Deepwater Horizon litigation from the statutorily dedicated Deepwater Horizon Economic Damages Fund to the state general fund.
Proposed law directs the state treasurer to transfer the amount of \$3,221,928 from the medical device settlement from the Department of Revenue Escrow Account to the Overcollections Fund.

EXPENDITURES	2018-19	2019-20	2020-21	2021-22	2022-23	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	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

REVENUES	2018-19	2019-20	2020-21	2021-22	2022-23	5 -YEAR TOTAL
State Gen. Fd.	\$53,333,333	\$0	\$0	\$0	\$0	\$53,333,333
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	(\$50,111,405)	\$0	\$0	\$0	\$0	(\$50,111,405)
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Annual Total						

EXPENDITURE EXPLANATION

There is no anticipated direct material effect on governmental expenditures as a result of this measure.

REVENUE EXPLANATION

Proposed law will increase SGF by \$53,333,333 in FY 19 and reduce statutory dedications by \$50,111,405 (\$53,333,333 reduction offset by a \$3,221,928 increase) by redirecting the deposit of the FY 19 economic damage proceeds from the Deepwater Horizon litigation out of the Deepwater Horizons Economic Damages Fund into the SGF and transferring \$3,221,928 from the medical device settlement from the Department of Revenue Escrow Account to the Overcollections Fund.

Present law provides that annual deposits from economic damage proceeds from the Deepwater Horizon litigation shall be deposited into the statutorily dedicated Deepwater Horizon Economic Damages Fund and then distributed as follows: 45% to the Budget Stabilization Fund (\$24 M), 45% to the Medicaid Trust Fund for the Elderly (\$24 M), and 10% to the Health Trust Fund (\$5.3). Proposed law would redirect the entire \$53.3 M deposit for FY 19 to the SGF and eliminate the FY 19 deposits for the aforementioned statutory dedications.

Proposed law directs the treasurer to transfer \$3,221,928 from the medical device settlement from the Department of Revenue Escrow Account to the statutorily dedicated Overcollections Fund. These dollars are sales taxes on medical devices paid under protest and held in escrow pending litigation.

Proposed law will redirect 40% of the local tax derived from the lease or rental of certain automobiles collected in East Baton Rouge (EBR) parish, reducing the annual local funding allocation to the East Baton Rouge Council on Aging (EBRCOA) by approximately \$54,000 and increasing funding for the EBR Office of the Public Defender by a corresponding amount.

Present law levies a state tax of two and one-half percent and a local tax of one-half of one percent on the gross proceeds derived from the lease or rental of certain automobiles. Both the state and local portion of the tax are collected by the Department of Revenue which remits on a monthly basis the local portion back to the parish governing authority in which the tax was collected. Present law further provides that of the local tax collected in EBR parish, 40% is distributed to the EBRCOA. Information provided by the Department of Revenue indicates the EBR Council on Aging receives average collections of \$4,500 per month based on 22 months of available data.

For informational purposes, EBRCOA received \$59,097 in total collections from this source in FY 17, comprising 1.59% of actual revenue collections totaling \$3.71 M. Total Calendar Year 2017 revenue for EBR Office of the Public Defender was \$4.09 M (\$2.32 M local + \$1.77 M state).

Senate Dual Referral Rules
 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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