

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 521** HLS 19RS 178
 Bill Text Version: **ORIGINAL**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: April 22, 2019 9:44 AM	Author: ABRAMSON
Dept./Agy.: Orleans Parish	Analyst: Benjamin Vincent
Subject: Orleans Parish: Hotel Occupancy Tax & Infrastructure Fund	

TAX/LOCAL OR INCREASE LF RV See Note Page 1 of 1
 Provides relative to the levy of hotel occupancy taxes and tourism assessments in Orleans Parish

Present law authorizes a tourism organization (formerly the Convention & Visitors Bureau, now New Orleans & Company) to approve a hotel assessment of up to 1.75% of the daily room charge, which must be ratified in a referendum by a vote of the assessed hotels.

Proposed law requires the assessment to be ratified instead in a voter referendum, and authorizes the governing authority of Orleans Parish to levy a hotel occupancy tax on establishments with more than two rooms in addition to the hotel assessment. Proposed law provides that the rate of the tourism organization assessment and the parish occupancy tax shall not exceed a combined 2.5% of the rent or fee for such occupancy, and that proceeds from the occupancy tax will be deposited in the city's infrastructure fund.

EXPENDITURES	2019-20	2020-21	2021-22	2022-23	2023-24	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	2019-20	2020-21	2021-22	2022-23	2023-24	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	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
Annual Total						

EXPENDITURE EXPLANATION

Minor additional local expenditures are likely associated with the implementation, administration, collection, and enforcement of the levies in proposed law. The City anticipates continuing to collect the occupancy tax portion of the combined levy while the hotel industry group and tourism organization continues to collect the assessment portion of the combined levy.

REVENUE EXPLANATION

Current law provides for an assessment of 1.75% for member hotels, with the avails of the assessment going to the tourism organization authorized to levy the assessment. Proposed law does not specify the magnitude of the proposed assessment rate in this bill, instead only specifying the maximum combined rate of 2.5% of the daily room charge for the assessment and a new proposed occupancy tax. Proposed law provides that the avails of the occupancy will be deposited in the city's infrastructure fund.

Because the combined rate and individual assessment and occupancy tax rates are not specified, the LFO cannot estimate the local tax or fee revenues to be ultimately collected, of the breakdown of how much will continue to be collected by the tourism organization and how much will go to the city's infrastructure fund.

However, the City provided information that allows an estimate of the maximum available using the City's latest adopted forecast of the local sales tax base for hotels. The most recent sales tax forecast projects a taxable base of approximately \$1.14 bil, implying revenues of approximately \$20 mil generated by a 1.75% assessment. At the maximum proposed combined rate of 2.5%, local revenues would increase to approximately \$29 mil.

To the extent that the combined total levy on hotel room rentals is increased beyond 1.75%, total local revenues will increase.

The relative rate of each levy, subject to the combined 2.5% maximum, will determine the revenue impact to both the tourism organization's revenues and the city's infrastructure fund. To the extent that the assessment is ultimately increased or reduced from 1.75%, revenues for the tourism organization will increase or decrease. To the extent that the occupancy tax is ultimately levied, revenues to the city's infrastructure fund will increase.

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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