

**LEGISLATIVE FISCAL OFFICE**  
**Fiscal Note**



Fiscal Note On: **HB 522** HLS 19RS 382  
 Bill Text Version: **ORIGINAL**  
 Opp. Chamb. Action:  
 Proposed Amd.:  
 Sub. Bill For.:

**Date:** April 22, 2019 9:48 AM **Author:** ABRAMSON  
**Dept./Agy.:** Stadium District and Orleans Parish **Analyst:** Benjamin Vincent  
**Subject:** Hotel Room Rentals Taxation

TAX/SALES-USE, LOCAL OR +\$8,500,000 LF RV See Note Page 1 of 1  
 Provides relative to the levy of sales and use taxes in the city of New Orleans

Present law abates the 2% state sales and use tax and all local sales and use taxes within the Louisiana Stadium and Exposition District as long as the District's occupancy tax is imposed.

Effective July 1, 2019: Proposed law excepts 3/4 of of the sales taxes imposed by the city of New Orleans on hotel room rentals from the abatement.

Effective January 1, 2025: Proposed law additionally authorizes the city to levy an additional hotel occupancy tax of up to 0.2% of the rent or fee charged for occupancy, and excepts all local sales and use taxes on hotel room rentals from the abatement. Proposed law provides that all proceeds received by the city as a result of the additional occupancy tax shall be deposited into the infrastructure fund of the city.

EXPENDITURES	<u>2019-20</u>	<u>2020-21</u>	<u>2021-22</u>	<u>2022-23</u>	<u>2023-24</u>	<u>5 -YEAR TOTAL</u>
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Ded./Other	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Federal Funds	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Local Funds	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
<b>Annual Total</b>						
REVENUES	<u>2019-20</u>	<u>2020-21</u>	<u>2021-22</u>	<u>2022-23</u>	<u>2023-24</u>	<u>5 -YEAR TOTAL</u>
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Ded./Other	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Federal Funds	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Local Funds	<u>\$7,800,000</u>	<u>\$8,500,000</u>	<u>\$8,500,000</u>	<u>\$8,500,000</u>	<u>\$8,500,000</u>	<b>\$41,800,000</b>
<b>Annual Total</b>	<b>\$7,800,000</b>	<b>\$8,500,000</b>	<b>\$8,500,000</b>	<b>\$8,500,000</b>	<b>\$8,500,000</b>	<b>\$41,800,000</b>

**EXPENDITURE EXPLANATION**

Minor additional local expenditures are likely associated with the administration, collection, and enforcement of the taxes in proposed law. LFO notes that the bill contemplates entering a contract with a public entity to pay a reasonable fee for the service of collection of the sales and use and/or occupancy tax.

**REVENUE EXPLANATION**

Proposed law partially excepts charges for certain hotel rooms from an abatement from local sales tax in 2019, then fully in 2025. Additionally, beginning in 2025, proposed law authorizes a 0.2% occupancy tax, and provides that the avails of the provisions of proposed law will be deposited into the city's infrastructure fund.

Estimates of the impact of proposed law on local funds, based on information provided by the City's of its sales tax projections for FY19 follow. Approximately \$8.5 mil per year in local revenue is anticipated to be generated on a full-year annual basis due to the abatement exception prior to 2025. The city anticipates first-year effectiveness as of August 1 to allow for tax system modifications, making the 2019-2020 estimated effect some \$7.8 mil.

After the full abatement exception becomes effective in 2025, an additional approximate \$2.9 mil per year is anticipated. An additional \$2.3 mil is anticipated due to the occupancy tax beginning in 2025; for a combined total of \$5.2 mil per year from 2025.

These estimates make no assumptions as to growth or business cycle effects on tourist visitation and spending in subsequent years.

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}

**Gregory V. Albrecht**  
**Chief Economist**