

**LEGISLATIVE FISCAL OFFICE
Fiscal Note**



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

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| Date: April 25, 2019 5:42 PM | Author: ABRAMSON |
| Dept./Agy.: Stadium District and Orleans Parish | Analyst: Benjamin Vincent |
| Subject: Hotel Room Rentals Taxation | |

TAX/SALES-USE, LOCAL EG +\$12,000,000 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.

Proposed law fully excepts from the abatement the 1% local sales taxes imposed by the city of New Orleans on hotel room rentals. Proposed law provides that all proceeds received by the city as a result of the excepted sales tax shall be deposited into the infrastructure fund of the city.

Effective July 1, 2019.

| 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 | SEE BELOW | SEE BELOW | SEE BELOW | SEE BELOW | SEE BELOW | |
| Annual Total | | | | | | |

| 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 | <u>\$11,000,000</u> | <u>\$12,000,000</u> | <u>\$12,000,000</u> | <u>\$12,000,000</u> | <u>\$12,000,000</u> | \$59,000,000 |
| Annual Total | \$11,000,000 | \$12,000,000 | \$12,000,000 | \$12,000,000 | \$12,000,000 | \$59,000,000 |

EXPENDITURE EXPLANATION

Minor additional local expenditures are likely associated with the administration, collection, and enforcement of the taxes in proposed law.

REVENUE EXPLANATION

Proposed law fully excepts charges for certain hotel rooms from an abatement from local sales tax, and provides that the avails of the sales tax that is excepted from the abatement 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 of New Orleans' sales tax projections for FY20 follow. Approximately \$12 mil per year in local revenue is anticipated to be generated on a full-year annual basis due to the abatement exception. The city anticipates first-year effectiveness as of August 1 to allow for tax system modifications, making the 2019-2020 estimated effect some \$11 mil.

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}

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