

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **SB 226** SLS 21RS 440

Bill Text Version: **ORIGINAL**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

Date: May 9, 2021	2:29 PM	Author: WHITE, B
Dept./Agy.: Special Districts		Analyst: Benjamin Vincent
Subject: Southeast LA Taxing District		

TAX/SALES OR INCREASE LF RV See Note Page 1 of 1
Creates the Southeast Louisiana Taxing District and authorizes the levy of a sales and use tax. (gov sig)

Proposed law provides for the creation and administration of a special taxing district that is authorized to levy and collect a sales and use tax of not greater than 1%, for the purposes of funding some of the state's portion of the Hurricane and Storm Damage Risk Reduction System. Proposed law provides that the parishes of Jefferson, Orleans, Plaquemines, St Bernard, and St John will constitute the taxing district, and that the authority of the taxing district shall expire upon full payment of the state's share of the costs of the Risk Reduction System.

Effective upon governor's signature. The effectiveness of any new taxes would be as determined by the district.

EXPENDITURES	2021-22	2022-23	2023-24	2024-25	2025-26	5 -YEAR TOTAL
State Gen. Fd.	SEE BELOW	\$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	2021-22	2022-23	2023-24	2024-25	2025-26	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						

EXPENDITURE EXPLANATION

Proposed law authorizes the creation of a district with the authority to levy, administer, and collect a sales and use tax, and authorizes the taxing district to contract with the state for collection of the tax. It does not establish any tax, nor does it direct any particular entity to administer or collect the tax should one be established.

Proposed law additionally authorizes the taxing district to pay its operating expenses, presumably from some portion of the avails of any new taxes, as it contemplates no other means of finance, as well as to transfer avails to the state. A minor upfront cost may be incurred to establish any new tax levied by the district, which may require some general fund expenditure prior to the establishment of the taxing district and any associated self-generated revenues.

REVENUE EXPLANATION

Proposed law authorizes a sales and use tax that would be remitted to the taxing district, and gives the district authority to transfer all or a portion of the avails to the state, to either assist with or reimburse for payments made by the state for the Risk Reduction System. This is reflected in the table above as local funds collections.

Proposed law appears to construct a district that includes the following parishes: Jefferson, Orleans, Plaquemines, St. Bernard, and St. John the Baptist. An estimate of total potential sales taxes collected in the district is constructed by using the recent-year average of taxable sales by remitters in the parishes that constitute the district, combined with the LFO estimate of recent-year average sales by out-of-state remitters into the district. This method, applied to an assumed tax rate of the full 1% authorized, implies a total annual revenue impact of approximately \$201 million annually. This estimate includes approximately \$75 million from out-of-state remitters, and \$126 million from remitters within the parishes of the district.

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
Gregory V. Albrecht
Chief Economist