



**LEGISLATIVE FISCAL OFFICE
Fiscal Note**

Fiscal Note On: **SB 500** SLS 24RS 596
 Bill Text Version: **ENGROSSED**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: April 11, 2024 4:19 PM **Author:** REESE
Dept./Agy.: LA Gaming Control Board & Local Taxes **Analyst:** Noah O'Dell
Subject: Local Taxes on Non-gaming Incentives & Inducements

TAX/TAXATION EG DECREASE LF RV See Note Page 1 of 1

Provides relative to the levy of local fees and taxes on certain non-gaming incentives or inducements granted by certain licensees. (gov sig)

Current law provides for the levying of local sales and use tax upon certain tangible personal property and services as a percentage of the transaction value, including a valuation for considerations other than cash. Taxable items and services may include food, beverages, admission to entertainment, hotel stays, and parking among many. Current law provides exceptions for the land-based casino in New Orleans and the Southwest LA Convention and Visitors Bureau (SLCVB) by establishing the valuation of certain gratis or discounted inducements for purposes of taxation. Current law authorizes local taxes and fees on net gaming proceeds.

Proposed law retains current law in regard to local taxes and fees on net gaming proceeds and the sales tax exceptions for SLCVB and the land-based casino in New Orleans. Proposed law limits a local sales tax on non-gaming incentives or inducements granted by a riverboat or slot machine licensee to the actual cash value of the transaction. The LA Gaming Control Board may promulgate rules. Effective upon upon the governor's signature or lapse of time for gubernatorial action.

EXPENDITURES	2024-25	2025-26	2026-27	2027-28	2028-29	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	2024-25	2025-26	2026-27	2027-28	2028-29	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	DECREASE	DECREASE	DECREASE	DECREASE	DECREASE	
Annual Total						

EXPENDITURE EXPLANATION

There is no anticipated direct material effect on governmental expenditures as a result of this measure. The LA Gaming Control Board within the Department of Public Safety reports the Board will be able to comply with the proposed measure using existing resources. Local governments should be able to absorb related expenses due to the number of impacted remitters in each jurisdiction. Legal expenses are not considered.

REVENUE EXPLANATION

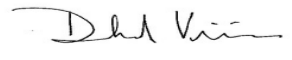
Proposed law is anticipated to decrease local sales and use taxes collected from riverboats and slots at the track by an indeterminable amount, to the extent these funds are currently being remitted. The bill limits local sales tax to the actual cash changing hands during the transaction.

In Senate Rev & Fisc Committee on April 8, 2024, the President of the LA Association of Tax Administrators (LATA) testified certain casinos currently remit sales and use tax on the cost of goods for non-room inducements provided in her tax jurisdiction, Calcasieu Parish. Using information from previous audits performed, the remittances are estimated by the tax collector to be in the amount of \$1.2 M in FY 23 in Calcasieu Parish. The LA Uniform Local Sales Tax Board (LULSTB) reports two additional tax jurisdictions have indicated such sales and use taxes are remitted in Bossier Parish and in East Baton Rouge Parish, although estimates for amounts were not readily available. Without written agreements in place, it is unclear if these tax remittances would continue should the proposed measure become law.

The Legislative Fiscal Office (LFO) cannot discern the extent to which local governments will be impacted if taxpayers were not remitting on the fair market value of taxes due for all non-gaming inducements. However, information regarding the local sales tax remittances on certain non-room inducements forms the basis of an opinion that the bill is likely to reduce local sales tax revenue in tax jurisdictions with riverboats and racetracks with slot machines, potentially in the millions of dollars.

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}



Deborah Vivien
Chief Economist