

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **SB 50** SLS 13RS 384
 Bill Text Version: **ENROLLED**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: May 31, 2013	8:23 AM	Author: ERDEY
Dept./Agy.: Revenue		Analyst: Deborah Vivien
Subject: Juban Crossing sales tax dedication		

FUNDS/FUNDING EN DECREASE GF RV See Note Page 1 of 1

Establishes the Juban Crossing Economic Development District Fund as a special fund in the state treasury and provides for the disposition of certain sales tax proceeds within Livingston Parish. (7/1/13)

Current law dedicates the proceeds of the state sales tax on hotel and motel room rentals in Livingston Parish to the Livingston Parish Tourism Improvement Fund with the remaining state sales tax generated in the parish deposited to the state general fund.

Proposed law creates the Juban Crossing Economic Development District Fund into which the proceeds of 1% of state sales tax generated within the Juban Crossing Economic Development District (except hotel/motel room rentals) up to \$45 million total will be deposited for infrastructure, construction, site preparation, public improvements, etc. in accordance with the district's plans for as long as the project is generating sales tax. If the money is pledged for bonds, the revenue reverts to the state general fund upon payment of bonds. If no bonds are sold, the proceeds continue to accumulate in the Juban Crossing fund until \$45 million is deposited. The Department of Revenue is authorized to retain 1% up to \$10,000 per year for administration costs. Effective July 1, 2013.

EXPENDITURES	2013-14	2014-15	2015-16	2016-17	2017-18	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	2013-14	2014-15	2015-16	2016-17	2017-18	5 -YEAR TOTAL
State Gen. Fd.	SEE BELOW	DECREASE	DECREASE	DECREASE	DECREASE	
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	SEE BELOW	INCREASE	INCREASE	INCREASE	INCREASE	
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total						

EXPENDITURE EXPLANATION

The Department of Revenue will have to identify and isolate taxable sales and state sales tax generated within the District in order to deposit the appropriate dollar amount of state sales tax remittances to the new special fund created by this bill. The Department already does this for certain similar remitter groups such as entities in tax increment financing districts. The Department may retain 1% up to \$10,000 per year from the proceeds for administrative expenses.

REVENUE EXPLANATION

This bill establishes a dedication of state sales tax revenue generated by a single project into a fund for use by the local entity for project-related expenses. This is similar to but not identical to tax increment financing (TIF) projects involving the state, which require a cooperative endeavor agreement between the local authority and the state, and typically include participation of local funds, as well. The dedication is capped at \$45 million and will revert to the state general fund once any bonds are paid off, if the proceeds are pledged for bonds. If the proceeds are not pledged for bonds, the dedication will continue to accumulate in the fund until the dedication reaches \$45 million.

Currently, the state revenue forecast anticipates annual economic base growth. Projects such as the Juban Crossing development are part of that economic base growth. This bill dedicates a portion of the sales tax associated with that economic base growth. Thus, general fund revenue generated from the Juban Crossing project will be lower since this bill will dedicate a portion of state sales tax to the project (a 1% state levy). It is not known how much the decrease will be or when the project will become operational in order for the dedication to begin, but to the extent that taxable sales are generated within the district, the tax dollars resulting from a 1% state sales tax levy will be diverted away from the state general fund, and will be available as a statutory dedication for use in the district. According to committee testimony in the 2012 Regular Session, local government has committed 2.5% of the local portion of sales tax collected from the Juban Crossing project.

The Juban Crossing project is a mixed use community being developed in Denham Springs. The site is 471 acres with 1.2 million sq. ft. of retail space planned along with residences and professional offices. The Juban-Crossing News website, dated January 5, 2013 indicates that some site clearing work has been done. Dedication of a material amount of state tax receipts during FY14 seems unlikely.

<u>Senate</u>	<u>Dual Referral Rules</u>	<u>House</u>
<input type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H}		<input type="checkbox"/> 6.8(F) >= \$500,000 Annual Fiscal Cost {S}
<input type="checkbox"/> 13.5.2 >= \$500,000 Annual Tax or Fee Change {S&H}		<input type="checkbox"/> 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

Gregory V. Albrecht
Chief Economist