



OFFICE OF LEGISLATIVE AUDITOR
Fiscal Note

Fiscal Note On: HB 132 HLS 14RS 126
Bill Text Version: ENGROSSED
Opp. Chamb. Action:
Proposed Amd.:
Sub. Bill For.:

Date: March 17, 2014 3:12 PM Author: JEFFERSON
Dept./Agy.: Town of Homer Analyst: Ryne Young
Subject: Additional Sales and Use Tax

TAX/SALES-USE, LOCAL EG +\$505,000 LF RV See Note Page 1 of 1
Authorizes the town of Homer to levy an additional sales and use tax

Purpose of Bill: This bill authorizes the Town of Homer to levy and collect an additional sales and use tax not to exceed 1%. This tax must be approved by the voters of the Town of Homer, and be imposed by a town ordinance. The Town of Homer may use the proceeds of the sales tax for any lawful purpose as determined by the Town's governing authority.

Table with 7 columns: EXPENDITURES, 2014-15, 2015-16, 2016-17, 2017-18, 2018-19, 5-YEAR TOTAL. Rows include State Gen. Fd., Agy. Self-Gen., Ded./Other, Federal Funds, Local Funds, and Annual Total.

Table with 7 columns: REVENUES, 2014-15, 2015-16, 2016-17, 2017-18, 2018-19, 5-YEAR TOTAL. Rows include State Gen. Fd., Agy. Self-Gen., Ded./Other, Federal Funds, Local Funds, and Annual Total.

EXPENDITURE EXPLANATION

This bill may increase local governmental expenditures by approximately \$253,000 for fiscal year 2014-15, and by approximately \$505,000 annually thereafter.

The proposed tax must be approved by voters of the Town of Homer. An official with the Town indicated that the Town plans to place the tax on the ballot for the November 4, 2014 election. An official with the Secretary of State indicated that the Town may incur approximately \$500 in election costs to place the tax on the ballot. However, the actual election cost may vary based on the number of items on the ballot.

According to an official with the Claiborne Parish School Board, the School Board currently collects sales taxes for the Town. This official indicated that the School Board would be able to collect the tax proceeds without incurring additional administrative costs.

While this bill does not mandate that the tax proceeds be spent, an official with the Town indicated that the Town plans to use the tax proceeds to provide garbage collection services with any excess proceeds being used to maintain infrastructure and for public safety. In addition, as stated above, it appears that that the School Board is likely to collect this tax for the Town - this would result in additional tax collection fees to be paid by the Town. Based on this information, it appears that Town's expenditures may increase as it uses the tax proceeds for its own purposes and for the payment of tax collection fees (approximately \$252,500 for fiscal year 2014-15 and approximately \$505,000 annually thereafter).

REVENUE EXPLANATION

This bill may increase local governmental revenues by approximately \$252,500 in fiscal year 2014-15 (for 6 months of tax collections), and by approximately \$505,000 annually thereafter.

Based on information obtained from the Town of Homer, we estimate that this proposed tax may generate approximately \$505,000 annually (based on a current sales tax imposed by the Town). This official indicated that the tax would be implemented in January 2015. Based on this information, we estimate that this tax may generate approximately \$252,500 in 2014-15 (for 6 months of tax collections).

According to an official with the Claiborne Parish School Board, the School Board currently collects sales taxes for the Town. This official stated that the School Board charges a 2.5% collection fee on sales taxes that it collects for the Town. Assuming that this tax generates \$505,000 annually, the School Board may receive additional collection fees of approximately \$12,600 annually. Based on this information above, we estimate that the Town may receive approximately \$492,400 annually from the tax (\$505,000 total tax proceeds - \$12,600 School Board collection fees).

An official with the Town indicated that the Town plans to replace the current garbage collection fee it charges with proceeds from this tax. However, it should be noted that this bill does not mandate the elimination of these fees.

- Senate Dual Referral Rules House
[] 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}
[X] 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H}
[] 6.8(F)(2) >= \$500,000 State Rev. Reduc. {H & S}
[X] 13.5.2 >= \$500,000 Annual Tax or Fee Change {S&H}
[] 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

Joy Irwin
Director of Advisory Services