

## OFFICE OF LEGISLATIVE AUDITOR Fiscal Note

Fiscal Note On: **SB 515** SLS 14RS 359

Bill Text Version: ORIGINAL

Opp. Chamb. Action:

Proposed Amd.: Sub. Bill For.:

**Date:** March 28, 2014 10:22 AM

**Dept./Agy.:** Baton Rouge City-Parish Governmet

**Subject:** Rebate on Sales Taxes for Bayou Country Superfest

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TAX/LOCAL OR SEE FISC NOTE LF RV Page 1 of 1 Prohibits rebates of local sales tax for activities in certain state-owned "public facilities" if any of the contracts entered into for such activity prevent the contracted person from participating in any activity conducted in any other public facility.

**Purpose of Bill:** This measure prohibits rebates of sales and use taxes paid on parking and admission to an "event, activity, or enterprise" that is undertaken in a "public facility" as defined in R.S. 39:469, if any of the contracts entered into for such "event, activity, or enterprise" operate to prevent the contracted person or entity from participating in any activity conducted in any other type of public facility.

EXPENDITURES	<u>2014-15</u>	<u> 2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u> 2018-19</u>	<b>5 -YEAR TOTAL</b>
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>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Annual Total	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	\$0	\$0	\$0
REVENUES	<u>2014-15</u>	2015-16	2016-17	2017-18	2018-19	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**

There is no anticipated direct material effect on local government expenditures as a result of this measure.

## **REVENUE EXPLANATION**

There is an indeterminate impact on local government revenues as a result of this measure.

Based on the definition in R.S. 39:469, it appears that this bill relates to the Bayou Country Superfest, as the specific event whose promoters may not receive a rebate if contracts they enter into prohibit the participation of an activity at any other public facility.

According to an official with the City-Parish of East Baton Rouge, there could potentially be an impact to local government revenues. The city-parish does not have access to contracts between the promoter and performers; therefore, the city-parish is unable to determine if there will be an impact on local government revenues. If these contracts included exclusivity clauses as outlined in this measure, local government revenues may increase because the city-parish would be prohibited from rebating sales taxes for the event. However, contracts entered into in the future may not contain exclusivity agreements; therefore, the city-parish would still rebate the taxes and local expenditure revenue may not be impacted. As a result, the impact on local government revenues is not determinable at this time.

In addition, this measure applies retroactively; therefore, the promoter would have to refund the city-parish the amount received in 2013 if contracts contained exclusivity agreements as outlined in this measure. According to the official, state law prohibits the city-parish from disclosing confidential tax records; as a result, they are unable to report the amount that was rebated in 2013. Therefore, there may be an increase in revenues, but the increase is not determinable at this time.

According to an official with the Lafayette Cajundome, in 2013, three performers were "in talks" to perform in 2013, but were unable to perform because they signed a contract to perform at Bayou Country Superfest that contained an exclusivity agreement that prohibited them from performing at the Cajundome. The official estimates that they lost \$500,000 to \$600,000 in revenue for 2013.

Senate <u>Dual Referral Rules</u> <u>House</u>		Desire of the second
13.5.1 >= \$100,000 Annual Fiscal Cost {S&H}	$6.8(F)(2) >= $500,000 \text{ State Rev. Reduc. } \{H \& S\}$	
13.5.2 >= \$500,000 Annual Tax or Fee	6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}	Joy Irwin Director of Advisory Services