



OFFICE OF LEGISLATIVE AUDITOR
Fiscal Note

Fiscal Note On: HB 581 HLS 14RS 21
Bill Text Version: ENROLLED
Opp. Chamb. Action:
Proposed Amd.:
Sub. Bill For.:

Date: May 8, 2014 8:51 AM Author: HAVARD
Dept./Agy.: City of Zachary Analyst: Anthony Truong
Subject: Hotel Occupancy Tax

TAX/HOTEL OCCUPANCY EN INCREASE LF RV See Note Page 1 of 1
Authorizes the governing authority of the city of Zachary to levy a hotel occupancy tax

Purpose of Bill: This bill allows the City of Zachary to levy a hotel occupancy tax not to exceed 5%. The tax proceeds are required to be used to fund infrastructure improvements for the Zachary Youth Park and to fund other recreational opportunities within the City.

This measure also provides that the tax be approved by the voters of the City, and be imposed by a City ordinance.

Table with 7 columns: EXPENDITURES/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 for both categories.

EXPENDITURE EXPLANATION

This bill may increase local governmental expenditures for election costs and as the proceeds of the new tax are spent.

The proposed tax must be approved by voters of the City of Zachary. An official with the City indicated that the City plans to place the tax on the ballot for the November 4, 2014 election.

An official with the East Baton Rouge Parish Metropolitan Council indicated that the Parish would likely collect this tax. This official indicated that the Parish may incur programming costs of approximately \$1,000 to update its system in order to collect this new tax.

The bill mandates that the City of Zachary use the new tax proceeds for specific purposes. Local government expenditures will increase as the proceeds from this new tax are spent in accordance with this bill.

REVENUE EXPLANATION

This bill may increase local governmental revenues as the new tax is implemented.

Based on the current parish-wide 4% hotel tax, an estimate for a 5% City hotel tax would be \$136,800.

An official with the City of Zachary indicated that the City will likely propose a 2% tax and estimated that the new tax may increase revenue by \$50,000 (based on two hotels). This official further indicated that this amount may increase due to a third hotel being placed in service.

An official with the East Baton Rouge Parish Metropolitan Council indicated that the Parish will likely collect the tax. If the Parish collects this new tax, it may charge the City of Zachary \$6,000 annually for collection fees.

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

Joy Irwin
Director of Advisory Services