



OFFICE OF LEGISLATIVE AUDITOR
Fiscal Note

Fiscal Note On: SB 648 SLS 14RS 1469
Bill Text Version: RE-REENGROSSED
Opp. Chamb. Action:
Proposed Amd.:
Sub. Bill For.:

Date: May 13, 2014 4:12 PM Author: DORSEY-COLOMB
Dept./Agy.: East Baton Rouge Parish Analyst: Anthony Truong
Subject: Old LNB Building Redevelopment District in EBR Parish

SPECIAL DISTRICTS RR INCREASE LF RV See Note Page 1 of 1
Creates and provides for the Old LNB Building Redevelopment District in East Baton Rouge Parish. (gov sig)

Purpose of Bill: This measure would create a new tax increment financing (TIF) district as a special taxing district and a political subdivision of the state, encompassing a defined area within East Baton Rouge Parish called the Old LNB Building Redevelopment District. The TIF district would be authorized to levy a hotel occupancy tax and a sales tax at least equal to the aggregate rate of such taxes levied in East Baton Rouge Parish. The measure would also allow the district to issue bonds.

The district would be governed by a three-member board, whose members shall serve without salary or per diem and shall be entitled to expense reimbursement. The measure also provides that the district shall dissolve and cease to exist one year after the date on all loans, bonds, notes, and other evidences of indebtedness are paid in full (but shall be in existence in no more than thirty years).

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

There may be an increase in local fund expenditures as a result of this measure.

This measure creates the Old LNB Building Redevelopment District in the city-parish of East Baton Rouge as a political subdivision of the state and provides for various powers and duties that may increase expenditures including: (1) to appoint officers, agents, and employees and fix their compensation; (2) to acquire property to accomplish the purposes of the district, (3) to enter into contracts, (4) to reimburse any member for reasonable, actual, and necessary expenses incurred in the performance of his duties; and (5) to incur debt, which may involve various administrative and interest charges.

Construction on the hotel is expected to start at the end of calendar year 2014 and be completed at the end of calendar year 2015. Therefore, the fiscal impact will begin halfway through fiscal year 2016.

REVENUE EXPLANATION

There may be an increase in local fund revenues as a result of this measure.

According to our contact with the proposed district, the hotel may generate approximately \$611,000 in sales and occupancy tax revenues annually (146 rooms x \$125 average nightly rate x 68% average occupancy rate x 13% tax rate x 365 days, plus additional tax revenues from food and beverage sales of approximately \$22,000). The average nightly rate and average occupancy rate are based on existing hotels in the downtown Baton Rouge area.

Approximately \$335,000 will be reverted to the TIF district annually through a 7% TIF rebate. The remaining \$276,000 will remain with the city-parish as these are currently dedicated tax revenues. The district would also have the authority to levy an additional tax above the 13%, with additional revenues dedicated to the district. According to our contact, the district will choose whether to exercise this authority after completion of construction. As a result, we are unable to estimate any additional district revenues at this time.

Construction on the hotel is expected to start at the end of calendar year 2014 and be completed at the end of calendar year 2015. Therefore, the fiscal impact will begin halfway through fiscal year 2016.

- 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}
[X] 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

Signature of Tom Cole
Tom Cole
Director of Financial Audit