

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 585** HLS 14RS 214
 Bill Text Version: **ENGROSSED**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

| | |
|---|-------------------------------|
| Date: May 20, 2014 6:05 PM | Author: STOKES |
| Dept./Agy.: Local Government | Analyst: Greg Albrecht |
| Subject: Authorizes Local Auto Rental Excise Tax | |

TAX/LOCAL EG +\$544,000 LF RV See Note Page 1 of 1
 Authorizes Jefferson Parish to create an automobile rental tax district

Proposed law authorizes Jefferson Parish to levy a local tax up to one-half of a percent, by adoption of an ordinance or resolution, within a special district whose boundaries are the same as the parish boundaries, but only after approval of a majority of the registered voters of the parish at a regularly scheduled election in the parish. The bill also provides for the distribution of the avails of the tax to the City of Kenner, the Westwego Performing Arts Center, the Jefferson Performing Arts Society, the Gretna Cultural Center for the Arts, and for the support of the unincorporated areas of the Parish.

From FY90 - FY12 the state imposed a 3% excise tax on short-term auto rentals. The state portion was a 2.5% levy and a local portion of 0.5% was included. The Department of Revenue collected the entire 3% levy and distributed the local portion back to the parish of rental. The tax expired at the end of FY 2012.

| EXPENDITURES | 2014-15 | 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 | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | \$0 |
| Annual Total | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |

| REVENUES | 2014-15 | 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 | INCREASE | <u>\$544,000</u> | <u>\$544,000</u> | <u>\$544,000</u> | <u>\$544,000</u> | \$2,176,000 |
| Annual Total | | \$544,000 | \$544,000 | \$544,000 | \$544,000 | \$2,176,000 |

EXPENDITURE EXPLANATION

There is no anticipated direct material effect on governmental expenditures as a result of this measure, other than administrative collection costs. This cost is not likely to be significant since the parish is experienced in collecting various taxes and the number of remitters would be limited.

REVENUE EXPLANATION

The bill authorizes a levy up to one-half of a percent in Jefferson Parish (the same rate that was collected for local governments prior to expiration). In FY 2011-2012, the last year of effectiveness, the 0.5% levy generated approximately \$544,000 in Jefferson Parish. Reinstating a one-half percent local tax would likely generate a comparable amount in Jefferson Parish based on that FY12 performance.

The requirement for voter approval at a regularly scheduled parish election means that should the parish impose this levy, it would not likely be able to collect the tax for a full year in FY15. The table above depicts the maximum effect of the one-half percent levy in the likely first full year of FY16.

Since some time has gone by since the previous tax expired and economic recovery has continued, it is possible that actual collections would be somewhat greater than those estimated above.

- 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}

John D. Carpenter
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