

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **SB 218** SLS 15RS 538

Bill Text Version: **ORIGINAL**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

Date: May 3, 2015 1:16 PM	Author: MURRAY
Dept./Agy.: Economic Development	Analyst: Charley Rome
Subject: Program to Attract Major Events	

TAX/TAXATION

OR DECREASE GF RV See Note

Page 1 of 2

Establishes a program to attract major events to the state and dedicates funds therefor. (7/1/15)

Proposed law establishes the Major Events Incentive Program authorizing the secretary of the Department of Economic Development (DED) to enter into a contract with a local organizing committee, endorsing parish, or endorsing municipality to recruit, solicit, or acquire for Louisiana major specified events that have a significant positive economic development impact on the state. The contract shall provide for financial commitment to the local organizing committee, endorsing parish, or endorsing municipality which shall be paid with funds dedicated for such purposes. Proposed law creates a fund in the treasury for deposit of the incremental increase in state taxes generated by the occurrence of the qualified event. Proposed law authorizes the DED secretary to determine the amount of the incentive to be paid pursuant to the contract, based upon the amount of incremental increase in tax receipts within the designated area attributable to the qualified event during a specified period. Such rebate shall not exceed 70% of the incremental increase. Proposed law requires the treasurer to make the incentive payment from the fund as certified by the DED secretary. **(Bill Summary Continued on Page Two)**

EXPENDITURES	2015-16	2016-17	2017-18	2018-19	2019-20	5 -YEAR TOTAL
State Gen. Fd.	\$82,500	\$82,500	\$82,500	\$82,500	\$82,500	\$412,500
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	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total	\$82,500	\$82,500	\$82,500	\$82,500	\$82,500	\$412,500

REVENUES	2015-16	2016-17	2017-18	2018-19	2019-20	5 -YEAR TOTAL
State Gen. Fd.	DECREASE	DECREASE	DECREASE	DECREASE	DECREASE	
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total						

EXPENDITURE EXPLANATION

The Louisiana Department of Economic Development (LED) reports the need for two additional staff positions to administer this new program. State general fund expenditures are estimated at \$165,000 per year in FY16 and thereafter to fund salaries and related benefits. These two positions will perform the following duties relative to the proposed legislation: 1). Evaluation of requests. 2). Certification of incentives grants based upon analyses of the incremental increases in tax revenues due to the events. 3). Determination of amounts and timing of distribution of funds. 4). Education and outreach to regional economic development organizations (REDOs) and the various convention and tourism bureaus statewide for prospective statewide events. It is not clear that two full positions are necessary, in that it is speculative as to how many or which events will be held in the state and require all the duties called for in the bill. The fiscal note recommends one additional position initially.

The bill does not specify the source of the estimates the state tax receipts associated with targeted events. If such estimates are to be obtained by LED as is done for various other programs the the Department administers, additional costs will be incurred commissioning those estimates.

REVENUE EXPLANATION

The proposed legislation will decrease state general fund revenues and increase statutorily dedicated funds from the Major Events Incentive Program Fund created by the bill. The bill requires the Treasurer to deposit tax receipts associated with targeted events into the special fund created by this bill, not to exceed 70% of the associated receipts. While any particular event examined in isolation can show tax receipts associated with the event, the effects of these events on overall statewide tax receipts are difficult to discern and not identifiable, and are part of the historical baseline of receipts already incorporated into revenue forecasts. Thus, allocating specific dollar amounts associated with an event to a specific fund is a dedication of baseline receipts as depicted in the table above.

- | | | | |
|--|----------------------------|--------------|---|
| <u>Senate</u> | <u>Dual Referral Rules</u> | <u>House</u> | <input type="checkbox"/> 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S} |
| <input type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H} | | | <input type="checkbox"/> 6.8(F)(2) >= \$500,000 Rev. Red. to State {H & S} |
| <input checked="" type="checkbox"/> 13.5.2 >= \$500,000 Annual Tax or Fee Change {S&H} | | | <input checked="" type="checkbox"/> 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S} |

Gregory V. Albrecht
Chief Economist

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **SB 218** SLS 15RS 538

Bill Text Version: **ORIGINAL**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

Date: May 3, 2015	1:16 PM	Author: MURRAY
Dept./Agy.: Economic Development		
Subject: Program to Attract Major Events		Analyst: Charley Rome

CONTINUED EXPLANATION from page one:
(Bill Summary Continued from Page One)

Proposed law defines as qualified events. Includes, among others: (1) The NFL Super Bowl. (2) The NCAA Final Four. (3) The NBA All-Star Game. (4) The X Games. (5) An NCAA Division I Football Bowl Subdivision postseason playoff or championship game. (6) The World Games. (7) A national collegiate championship of an amateur sport recognized by the United States Olympic Committee (USOC). (8) An Olympic activity, including a Junior or Senior activity, training program, or feeder program sanctioned by the USOC. (9) A mixed martial arts championship. (10) The Breeders' Cup World Championships. (11) A Bass Masters Classic. (12) A National Motorsports race. (13) A national political convention of the Republican National Committee or the Democratic National Committee. Proposed law also requires the event to be held no more often than annually and to be one for which one or more sites not located in the state are considered. Further requires that the site in the state is either the sole site or the sole regional site for the event. Effective July 1, 2015.

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 Rev. Red. to State {H & S}

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

Gregory V. Albrecht
Chief Economist