



**OFFICE OF LEGISLATIVE AUDITOR
Fiscal Note**

Fiscal Note On: **HB 57** HLS 17RS 519
 Bill Text Version: **REENGROSSED**
 Opp. Chamb. Action: **W/ SEN FLOOR AMD**
 Proposed Amd.:
 Sub. Bill For.:

Date: June 2, 2017	5:30 PM	Author: PRICE
Dept./Agy.: West Ascension Recreation Facilities District No. 1		Analyst: Steven Kraemer
Subject: Sales Tax		

DISTRICTS/RECREATION REF INCREASE LF EX See Note Page 1 of 1
 Authorizes West Ascension Recreation Facilities District No. 1 to levy a sales tax

Purpose of Bill: This bill authorizes West Ascension Recreation Facilities District No. 1 to levy and collect a 0.25% sales tax within the district contingent on the West Ascension Parish Hospital Service District's sales tax being reduced by 0.25% and the sales tax increase for the district being approved by voters. The proceeds of the sales tax after the cost of collecting and administering the tax has been paid shall be used as follows:

- 80% - Bonded debt and the construction and maintenance of recreational buildings, equipment, and other facilities
- 20% - Operating and maintaining these buildings, equipment, and recreational facilities, including employee compensation

Note: House Bill 56 of the 2017 Regular Session provides for a 0.25% sales tax decrease for the West Ascension Parish Hospital District.

EXPENDITURES	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>	<u>2020-21</u>	<u>2021-22</u>	<u>5 -YEAR TOTAL</u>
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	INCREASE	INCREASE	INCREASE	INCREASE	
Annual Total						
REVENUES	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>	<u>2020-21</u>	<u>2021-22</u>	<u>5 -YEAR TOTAL</u>
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	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

EXPENDITURE EXPLANATION

This bill may increase the expenditures of the West Ascension Recreation Facilities District No. 1 up to approximately \$15,600 for election costs related to obtaining voter approval to impose the sales tax. In addition, the Recreation District's expenditures will increase as the Recreation District uses the sales tax revenue for the purposes provided in the bill.

An official with the Louisiana Secretary of State's Office indicated that the cost of the election to the Recreation District cannot be determined until the election date is set and other ballot items are known. If the proposition is held on a municipal date with no other items on the ballot, the Recreation District will pay 100% of the cost (approximately \$15,600). If the proposition is placed on the ballot on the date of a congressional election, the Recreation District will pay no more than 25% of the cost (approximately \$3,900).

REVENUE EXPLANATION

This bill may increase the revenue of the West Ascension Parish Recreation District No. 1 by up to \$1.2 million annually as a result of a 0.25% sales tax. However, this increase is contingent, in part, on the West Ascension Parish Hospital Service District's sales tax rate (currently 0.5%) being reduced to 0.25% or less. Therefore, the net effect of this bill on local governmental revenue is \$0 as the increase in revenue for the Recreation District will be offset by a decrease in revenue for the Hospital. An official with the Ascension Parish Sales and Use Tax Authority indicated that this bill may increase revenues of the Recreation District by approximately \$1.2 million annually. This \$1.2 million increase is based on this official's estimates that future sales tax collections for the Hospital at current sales tax rates will be approximately \$2.4 million, and that half of this revenue will be paid to the Recreation District going forward. This official based estimates on increased economic activity that is expected to occur in the area as a result of the recently expanded fertilizer plant selling more fertilizer and hiring more people who will then spend money in the area.

However, it should be noted that an official with the Hospital and an official with the West Ascension Parish Recreation Facilities District expect the revenue decrease for the Hospital and revenue increase for the Recreation District to be \$434,500 and \$600,000 annually, respectively.

Senate
 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H}
 13.5.2 >= \$500,000 Annual Tax or Fee Change {S&H}

House
 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}
 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

M. G. Battle
Michael G. Battle
Manager, Advisory Services