



OFFICE OF LEGISLATIVE AUDITOR
Fiscal Note

Fiscal Note On: HB 133 HLS 18RS 290
Bill Text Version: ENROLLED
Opp. Chamb. Action:
Proposed Amd.:
Sub. Bill For.:

Date: May 10, 2018 4:20 PM Author: BRASS
Dept./Agy.: City of Gonzales Analyst: Benjamin LeBlanc
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 Gonzales to levy a hotel occupancy tax.

Purpose of Bill: This bill allows the City of Gonzales to levy a hotel occupancy tax not to exceed 2%. The tax proceeds are required to be used to fund the financing, construction, maintenance, and operation of an event and conference center for the City of Gonzales. 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, 2018-19, 2019-20, 2020-21, 2021-22, 2022-23, 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 fund expenditures by approximately \$2,500,000 over the next five years.

This proposed tax must be approved by voters of the City of Gonzales. An official with the City plans to place the tax on the ballot for the November 6, 2018 election. An official with the Secretary of State indicated that the hotel tax election allocation for Gonzales would be up to \$4,000.

The City estimates the total construction cost of the event center would be \$7,500,000 resulting in an annual construction loan expense of \$420,000, and that the event center would incur annual operating expenses of approximately \$305,000.

Fiscal Year 2018-2019: Includes election cost plus legal and professional fees; Fiscal Year 2019-2020: Includes a portion of the loan and operating expenses; Fiscal Year 2020-2021: Includes a full year of operating expenses and loan expenses; Fiscal Year 2021-2022: Includes a full year of operating expenses and loan expenses; Fiscal Year 2022-2023: Includes a full year of operating and loan expenses. Figures include increases due to inflation.

REVENUE EXPLANATION

This bill may increase local fund revenues by approximately \$2,900,000 over the next five years.

An official with the City of Gonzales indicated that based on the current parish-wide 2% tourism tax, an estimate for a 2% City hotel tax could be revenue of \$500,000 annually. The City also estimates that the event center could earn \$155,000 in annual operating revenues in its initial years of operation. However, due to an expected growth in the number of event days held at the event center and the addition of new hotels in the City, the City projects increases in both the hotel tax revenue and the event center's operating revenue starting in Fiscal Year 2021-2022 (includes pricing increases as well).

Fiscal Year 2018-2019: Includes 3 months of tax revenue; Fiscal Year 2019-2020: Includes a full year of tax revenue and 2 months of the event center's operating revenue; Fiscal Year 2020-2021: Includes a full year of tax revenue and operating revenue; Fiscal Year 2021-2022: Includes a full year of tax revenue and operating revenue; Fiscal Year 2022-2023: Includes a full year of tax revenue and operating revenue.

Senate Dual Referral Rules
[X] 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H}
[X] 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}

Signature of Michael G. Battle
Michael G. Battle
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