



OFFICE OF LEGISLATIVE AUDITOR
Fiscal Note

Fiscal Note On: HB 43 HLS 19RS 179
Bill Text Version: ORIGINAL
Opp. Chamb. Action:
Proposed Amd.:
Sub. Bill For.:

Date:
Dept./Agy.: City of New Orleans
Subject: Short Term Rental Occupancy Tax
Author: HARRIS, J.
Analyst: Barbara Lively

TAX/HOTEL OCCUPANCY OR +\$10,500,000 LF RV See Note Page 1 of 1
Authorizes the governing authority of the city of New Orleans to levy a tax on short term rentals of overnight lodging

Purpose of Bill: This bill allows the City of New Orleans to levy an occupancy tax on short term rentals not to exceed 6.75%. The tax proceeds are required to be dedicated to the City's infrastructure fund. This bill also provides that the tax be approved by the voters of the City, and be imposed by a City ordinance.

The bill defines short term rentals as the rental of all or any portion of a residential dwelling unit for dwelling, lodging, or sleeping purposes to one party with a duration of occupancy of less than 30 consecutive days. The bill provides that this tax will not apply to hotels, motels, bed and breakfasts, and other land uses explicitly defined and regulated separately from short term rentals.

Table with 7 columns: EXPENDITURES, 2019-20, 2020-21, 2021-22, 2022-23, 2023-24, 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, 2019-20, 2020-21, 2021-22, 2022-23, 2023-24, 5-YEAR TOTAL. Rows include State Gen. Fd., Agy. Self-Gen., Ded./Other, Federal Funds, Local Funds, and Annual Total.

EXPENDITURE EXPLANATION

This bill may increase local fund expenditures by an indeterminable amount due to election costs.

This proposed tax must be approved by voters of the City of New Orleans. An official with the City indicated that there was no target date to place the tax on the ballot.

An official with the Louisiana Secretary of State's Office indicated that the total election cost to the City could vary depending on when the election is held. Based on the recent costs of elections in the parish, the total cost for the election would be about \$460,000 if held in the fall of 2019 or \$380,000 if held in the following spring. If the election is held on a statewide election date, the City would be responsible for paying no more than 25% of the total cost (\$460,000 x .25 = \$115,000). If the election is held at the same time as the spring municipal elections, the city would be responsible for paying the total cost of \$380,000. This official concluded that actual cost cannot be determined until the election is held and all costs are known.

REVENUE EXPLANATION

This bill may increase local fund revenues by approximately \$10,500,000 per year.

An official with the City of New Orleans indicated that (based on a 3.97% sales tax currently in place for short term lodging rentals in residences) this 6.75% occupancy tax could generate revenue of about \$10,500,000 annually (\$156,200,000 annual sales x 6.75%). This official indicated that there is no target election date for the tax, but assuming that it goes into effect halfway through fiscal year 2020, the tax would generate \$5,300,000 in fiscal year 2020 and \$10,500,000 in the following fiscal years.

Senate Dual Referral Rules
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}

Signature of Michael G. Battle
Michael G. Battle
Manager, Advisory Services