



OFFICE OF LEGISLATIVE AUDITOR
Fiscal Note

Fiscal Note On: HB 573 HLS 19RS 383
Bill Text Version: ENGROSSED
Opp. Chamb. Action:
Proposed Amd.:
Sub. Bill For.:

Date: April 26, 2019 3:27 PM Author: ABRAMSON
Dept./Agy.: Morial Exhibition Hall Authority; City of New Orleans
Subject: Codification of Existing Law; Hotel Project; Taxation Analyst: Elizabeth Caillier

DISTRICTS/SPECIAL EG SEE FISC NOTE LF EX Page 1 of 1
Provides relative to the Ernest N. Morial-New Orleans Exhibition Hall Authority

Purpose of Bill: This measure authorizes the Ernest N. Morial-New Orleans Exhibition Hall Authority (Authority) to utilize its revenue to design, develop, construct, furnish, and equip a new hotel as part of the Convention Center Headquarters Hotel Project. In addition, the measure (1) caps the Authority's reserve fund to \$100 million, (2) mandates transfer of Authority money from its reserve fund to the City of New Orleans (City) subject to voter approval, (3) prohibits the Authority from refinancing/extending term of bonds, (4) authorizes the Authority to continue levying taxes and pledging the taxes to bonds subject to voter approval, and (5) codifies and clarifies existing acts related to the Authority.

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

Local Fund Expenditures may increase as result of this bill. An official with the Ernest N. Morial-New Orleans Exhibition Hall Authority stated that the Authority will incur costs up to \$41 Million to assist with the construction of the Convention Center Headquarters Hotel Project. The remainder of necessary funding for the hotel will come from bonds entered into by a private entity. Total costs of the hotel project are estimated at approximately \$500 Million.

REVENUE EXPLANATION

Local Fund Revenues will remain the same over the next five fiscal years. The Authority will continue to impose the 1% Hotel Occupancy Tax and the 0.25% Food and Beverage Tax at current rates through 2027 in order to meet existing bond obligations. In addition, the Authority may continue to collect these taxes after 2027, assuming the voters approve the continuance of these taxes. An official with the Authority informed us that the 1% Hotel Tax generates approximately \$12 Million per year; and the 0.25% Food and Beverage Tax generates approximately \$5 Million per year.

The bill also provides that the Authority's Reserve Fund will be capped at \$100 Million, with any excess funds being transferred to the City of New Orleans (unless voters approve the Authority keeping all reserve funds). An official with the Authority indicated that the Reserve Fund had a balance of approximately \$156 Million (as of December 31, 2018), resulting in a potential transfer of \$56 Million.

Senate Dual Referral Rules
[X] 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
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