



OFFICE OF LEGISLATIVE AUDITOR
Fiscal Note

Fiscal Note On: SB 229 SLS 19RS 244
Bill Text Version: ORIGINAL
Opp. Chamb. Action:
Proposed Amd.:
Sub. Bill For.:

Date: May 7, 2019 6:43 PM Author: CLAITOR
Dept./Agy.: St. George Transition District; East Baton Rouge Parish
Subject: Creates St. George Transition District; Taxation Analyst: Philip Fach

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Relative to St. George incorporation, creates the St. George Transition District and provides for interim continuation of certain sales tax collections within the boundaries of the proposed city.

Purpose of Measure: This measure allows East Baton Rouge Parish (Parish) to continue collecting sales taxes in the area of the proposed City of St. George (City) to provide services in this area (for up to one year after incorporation). This measure also creates the St. George Transition District (District) to assist the City with ultimately collecting its own sales tax to provide services within the City.

The provisions of this measure, and related fiscal impact, are contingent upon voter approval of the City's incorporation. The election for incorporation is scheduled for October 12, 2019. If approved, incorporation may occur within three months after the election (by January 2020 or earlier) according to proponents of the City.

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

Parish expenditures within the boundaries of the City/District of St. George will continue at current levels, initially. As the City/District assumes the provision of services, their expenditures will increase as the Parish's expenditures decrease, proportionately.

An official with the Parish indicated that if the City of St. George is approved by voters, expenditures will be adjusted to operate within the new revenue stream (i.e., expenditures will be adjusted in proportion to loss of revenue - see revenue section below).

REVENUE EXPLANATION

Parish sales tax revenue generated within the boundaries of the City/District of St. George will continue at current rates, initially. As the City/District imposes its own tax, their revenues will increase as the Parish's revenues decrease, proportionately.

An official with the Parish indicated that a 3% sales and use tax (as mentioned in the bill) within the City would generate \$64 million annually. However, we were informed that the actual sales tax that could ultimately be imposed by St. George, would be the 2% general-purpose tax, which would generate \$43 million annually. The Parish will stop receiving this sales tax revenue no later than one year after incorporation of the City (i.e. by January 2021). Therefore, assuming that the 2% sales tax will ultimately be imposed by St. George, the Parish's revenue will decrease by \$43 million and the City/District's revenue will increase by \$43 million.

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
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