



OFFICE OF LEGISLATIVE AUDITOR
Fiscal Note

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

Date: May 21, 2019 1:04 PM Author: CLAITOR
Dept./Agy.: St. George Transition District; East Baton Rouge Parish
Subject: Creates St. George Transition District; Taxation Analyst: Steven Kraemer

TAX/SALES RE SEE FISC NOTE LF RV Page 1 of 1
Provides for continued collection of certain sales taxes within corporate limits of any municipality incorporated after a certain date. (gov sig)

Purpose of Measure: This measure allows East Baton Rouge Parish (Parish) to continue collecting a 2% sales tax in the area of the proposed City of St. George (City), which will be used by the Parish to provide services to the City (for up to one year after incorporation). In addition, 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. This measure also makes the City/District liable for its proportionate share of certain Parish outstanding debt and unfunded liabilities; and allows the Parish and the City/District to enter in to a formal agreement for the Parish to provide municipal services. 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 (provided the Parish and the City/District of St. George formally agree to the continuance of services by the Parish). As the City/District assumes the provision of services and obligations, their expenditures will increase as the Parish's expenditures decrease.

An official with the Parish indicated that if the City/District of St. George is approved by voters, expenditures will be decreased to operate within the new revenue stream (see revenue section below).

The bill requires the City/District of St. George to be liable for its proportionate share of certain Parish outstanding debt secured by the 2% parish tax and its proportionate share of certain unfunded parish liabilities, including pension plans and post employment plans. Based on information provided by the Parish, there is no debt related to immovable/movable property that the City/District of St. George will be liable for. However, the City/District could be responsible for unfunded retirement liabilities up to approximately \$102 million according to a report provided by the Parish. The exact amount of this liability is indeterminable as additional actuarial work would need to be done to determine the portion related to only those employees/retirees who provided services within the City/District of St. George.

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.

An official with the Parish indicated that the 2% sales and use tax mentioned in the bill could generate \$43 Million in Fiscal Year 2021, increasing annually by 1%. 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 (increasing by 1% annually) and the City/District's revenue will increase by an equal amount.

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