

## OFFICE OF LEGISLATIVE AUDITOR **Fiscal Note**

HB Fiscal Note On: **566** HLS 19RS 22

**Author: GAROFALO** 

Bill Text Version: ENROLLED

Opp. Chamb. Action: Proposed Amd.:

Sub. Bill For.:

Date: May 31, 2019 1:10 PM

Dept./Agy.: St. Bernard Parish Government

Subject: Hotel Occupancy Tax

**Analyst:** Steven Kraemer

TAX/HOTEL OCCUPANCY

EN INCREASE LF RV See Note

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Authorizes the governing authority of St. Bernard Parish to levy a hotel occupancy tax

Purpose of Bill: This bill allows the St. Bernard Parish Government to levy a hotel occupancy tax not to exceed \$3 per room per night. The tax proceeds are required to be used to provide fire protection services within the parish. This measure also provides that the tax be approved by the voters of the Parish, and be imposed by a Parish ordinance.

EXPENDITURES	<u> 2019-20</u>	<u>2020-21</u>	<u> 2021-22</u>	<u>2022-23</u>	<u>2023-24</u>	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
Annual Total						
REVENUES	2019-20	2020-21	2021-22	2022-23	2023-24	5 -YEAR TOTAL
State Gen. Fd.	\$0	40	\$0	40	¢0	40
	\$0	\$0	\$0	\$0	\$0	\$0
	\$0 \$0	\$0 \$0	\$0 \$0	\$0 \$0	\$0 \$0	\$0 \$0
Agy. Self-Gen.						-
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen. Ded./Other	\$0 \$0	\$0 \$0	\$0 \$0	\$0 \$0	\$0 \$0	\$0 \$0

## **EXPENDITURE EXPLANATION**

This bill may increase local fund expenditures by an indeterminable amount.

An official with the St. Bernard Parish Government indicated that the tax revenue generated by this bill is not expected to be spent during the next five years as the Parish plans to replenish the St. Bernard Parish Fire Department's fund balance. In addition, this official expects that the St. Bernard Parish Sheriff's Office will collect the tax and charge the Parish 8% of collections as a fee.

An official with the Louisiana Secretary of State's Office indicated that the total election cost to the Parish 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 \$46,000 if held in the fall of 2019 or \$34,000 if held in the following spring. If the election is held on a statewide election date, the Parish would be responsible for paying no more than 25% of the total cost ( $$46,000 \times .25 =$ \$11,500). If the election is held at the same time as the spring municipal elections, the Parish would be responsible for paying the total cost of \$34,000. This official concluded that actual cost cannot be determined until the election is held and all costs are known.

## **REVENUE EXPLANATION**

Senate

This bill may increase local fund revenue by an indeterminable amount.

An official with the St. Bernard Parish Government indicated that this bill would increase Parish revenue, but that the amount of the increase was indeterminable because occupancy rate of the 251 hotel rooms within the Parish was unknown. However, in order to provide information about the potential revenue increase, this official provided the following revenue increases at various levels of occupancy rates:

50% occupancy rate =  $$137,000 (251 \text{ rooms } \times 365 \text{ days } \times 50\% \text{ occupancy rate } \times $3)$ 60% occupancy rate = \$165,000 (251 rooms x 365 days x 60% occupancy rate x \$3) 65% occupancy rate = \$179,000 (251 rooms x 365 days x 65% occupancy rate x \$3) 70% occupancy rate = \$192,000 (251 rooms x 365 days x 70% occupancy rate x \$3) 100% occupancy rate =  $$275,000 (251 \text{ rooms } \times 365 \text{ days } \times 100\% \text{ occupancy rate } \times $3)$ 

<u>House</u>

	<u>Senate</u>	<u>Dual Referral Rules</u>
	13.5.1	$>=$ \$100,000 Annual Fiscal Cost {S & H}
İ	13.5.2	>= \$500,000 Annual Tax or Fee

Change {S & H}

6.8(G) >= \$500,000 Tax or Fee Increaseor a Net Fee Decrease {S}

6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}

Battle

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