Proposed law moves administration of the Major Events Incentive Fund from the Department of Economic Development (LED) to the office of the lieutenant governor through the Department of Culture, Recreation and Tourism (CRT). The source of monies shall be any funds appropriated by the legislature, including federal funds, any donations, gifts or grants from individuals, corporations, nonprofit organizations, etc. Authorizes CRT to enter into a contract that provides for a financial commitment with a local organizing committee, endorsing municipalities, parishes, official tourism commissions, convention and visitors bureaus, and official destination marketing organizations to recruit, solicit, or acquire for Louisiana any qualified major event that will have a significant positive impact in the state. Provides for eligible use of grants.

**EXPENDITURE EXPLANATION**

There will be increased state costs for the Department of Culture, Recreation and Tourism (CRT) to hire staff to administer two statutorily dedicated funds and to provide economic analysis reports. Actual costs are indeterminable and will vary based on the scale of legislative appropriations for the Major Events Incentive Fund and the Events Incentive Fund, as well as the number of qualifying events and contracts per year.

CRT will incur costs to provide an economic analysis report within 60 days following the occurrence of a qualified major event to determine the amount of incremental increase in state sales and use, and excise tax receipts generated within the designated area. Contracts can range from $22,000 to $50,000 or more depending on the size of the event. Assuming four events per year, the total cost of analyses could range from $88,000 to $200,000 annually. CRT would also be required to submit a report on the economic impact of events associated with grant funding through the Events Incentive Fund, however such costs are indeterminable. Actual costs may be lower or greater depending on the number and size of events.

(Expendediture Explanation Continued on Page Two)

**REVENUE EXPLANATION**

The proposed legislation will decrease state general fund revenues and increase statutorily dedicated funds for any funds deposited by the Treasurer associated with 50% of the incremental increase in state sales and excise tax receipts determined by the lieutenant governor to have been generated by a qualified major event within the designated area. While any particular event examined in isolation can show tax receipts associated with the event, the revenue identified for deposit into the Major Events Incentive Fund is indeterminable. For illustrative purposes, an economic impact analysis on the 2013 Super Bowl identified $16.6 M state sales and excise taxes, including hotel taxes, generated by the event. If this law were in effect, the treasurer would be required to deposit $8.3 M from the state general fund into the Major Events Incentive Fund. Another economic analysis on the 2020 College Football Playoff National Championship Game identified $3.8 M in state sales and excise taxes that would require a deposit of $1.9 M into the fund. Further Directs the Treasurer to deposit the current fund balance from the Major Events Incentive Program Subfund ($9.5 M) into the new Major Events Incentive Fund.

The proposed legislation will decrease statutorily dedicated funds from Schedule 20 - Other Requirements, LED Debt Service and State Commitments, and of a commensurate amount for the Department of Culture, Recreation and Tourism. This bill does not identify a recurring source of revenues for the newly created Events Incentive Fund, however to the extent deposits are made into fund, there will be an increase in statutory dedication revenues.
The Major Events Incentive Fund under LED has reimbursed four events since its inception in FY 16, totaling $6.2 M:

New Orleans College Football Championship Host Committee, Inc. for the 2019 NCAA National Championship: $3.8 M

Lafayette Convention and Visitors Commission for the 2019 Louisiana State Golden Gloves Boxing Tournament: $37,000

Creating a new statutory dedication within the state treasury will result in a marginal workload increase for the Department of Treasury, which can generally be absorbed within existing resources. However, to the extent other legislative instruments create new statutory dedications, there may be material additional costs associated with the aggregate effort to administer these funds. The Treasury performs fund accounting, financial reporting, banking and other custodial functions for 436 special funds. When unable to absorb additional workload with existing resources, the Treasury anticipates it will be required to add one T.O. position at a total personnel services cost of approximately $73,000, plus approximately $2,450 for a one-time purchase of office equipment. These expenditures are assumed to be SGF in this fiscal note.

(Bill Summary Continued from Page One)

Within sixty days, the lieutenant governor shall submit an economic analysis to the state treasurer which shall include the designated area impacted by the event, the total incremental increase in state sales and excise tax receipts, and the amount equal to 50% of the total incremental increases identified. Upon receipt of the analysis, the treasurer shall immediately transfer the amount equal to 50% from the state general fund to the Major Events Incentive Fund. Requires the lieutenant governor to submit a report to the Joint Legislative Committee on the Budget no later than September 1 of each year.

Proposed legislation creates the Events Incentive Fund to provide grant funding to municipalities, parishes, official tourism commissions, convention and visitors bureaus, official destination marketing organizations, and nonprofit corporations hosting an event for costs associated with planning, marketing, and conducting events held in Louisiana. The source of monies shall be any funds appropriated by the legislature, including federal funds, any donations, gifts or grants from individuals, corporations, nonprofit organizations, etc. Provides for CRT to administer the program. Defines “event” as an event of area-wide, statewide, regional, national, or international prominence with an anticipated economic impact of $250,000 or greater to the state. A entity hosting the event shall be eligible to receive funding if the event is not a “qualified major event”; the event is not held more than one time per year in Louisiana or any other state; the applicant submits the application and documentation no later than 180 days prior to the event. Grants may be used to pay or reimburse the costs of applying or bidding for selection as the site of the event, or to pay or reimburse the costs of planning, marketing, or conducting the event. Requires the lieutenant governor to submit an annual report to JLCB, including the entities that received grant funding for events and the economic impact of the events to the state, to the extent possible.

Directs the treasurer to transfer any remaining balance in the Major Events Incentive Program Subfund to the Major Events Fund.

CONTINUED EXPLANATION from page one:

(Expenditure Explanation Continued from Page One)

CRT has indicated that the transfer of the Major Events Incentive Program from the Department of Economic Development (LED) and the new Events Incentive Fund would require, at a minimum, one (1) Contracts/Grants Reviewer position ($67,299 salary and $35,358 related benefits) and associated operating costs. To the extent appropriations for one or both funds rise to or above a certain level, CRT may also require an Administrative Program Director ($82,441 salary and $42,695 related benefits) to engage eligible applicants, receive and evaluate applications, and work with entities on all aspects leading up to the event. CRT reports that operating costs to create a new budget program could require $110,000 for travel, furniture and equipment purchases, office supplies, and state-wide expenditures.

Note: The LFO cannot corroborate the need for additional positions reported by CRT. Per LED, the agency has been able to administer the Major Events Incentive Fund utilizing existing staff and resources. The need for additional staff and other expenditures for CRT will likely depend on the volume of funds appropriated for the Major Events Incentive Fund and the number of qualifying events.

The Major Events Incentive Fund under LED has reimbursed four events since its inception in FY 16, totaling $6.2 M:

New Orleans College Football Championship Host Committee, Inc. for the 2019 NCAA National Championship: $3.8 M

New Orleans NBA All-Star Host Committee, Inc. for the 2017 NBA All-Star Game: $1.5 M

City-Parish of East Baton Rouge for the 2017 U.S. Bowling Congress Women’s Championships: $824,308

Lafayette Convention and Visitors Commission for the 2019 Louisiana State Golden Gloves Boxing Tournament: $37,000