



**OFFICE OF LEGISLATIVE AUDITOR
Fiscal Note**

Fiscal Note On: **SB 225** SLS 23RS 535
 Bill Text Version: **ENGROSSED**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: May 3, 2023	3:41 PM	Author: POPE
Dept./Agy.: City of Denham Springs		
Subject: Hotel Occupancy Tax		Analyst: James Bryant

TAX/LOCAL EG +\$613,000 LF RV See Note Page 1 of 1
 Authorizes the city of Denham Springs to levy a hotel occupancy tax. (gov sig)

Purpose of Bill: The bill authorizes the City of Denham Springs (City) to levy a 6.75% hotel occupancy tax, subject to voter approval. The bill requires the City to use the tax proceeds to fund salaries and benefits for the City's fire and police department employees. Additionally, the bill authorizes the City to contract with an outside public entity to collect the tax and pay a collection fee to the collecting entity. The bill requires that expenditures made pursuant to the bill be in excess of the City's normal budgeted expenditures.

EXPENDITURES	<u>2023-24</u>	<u>2024-25</u>	<u>2025-26</u>	<u>2026-27</u>	<u>2027-28</u>	<u>5 -YEAR TOTAL</u>
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	<u>2023-24</u>	<u>2024-25</u>	<u>2025-26</u>	<u>2026-27</u>	<u>2027-28</u>	<u>5 -YEAR TOTAL</u>
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	<u>\$613,000</u>	<u>\$613,000</u>	<u>\$613,000</u>	<u>\$613,000</u>	<u>\$613,000</u>	\$3,065,000
Annual Total	\$613,000	\$613,000	\$613,000	\$613,000	\$613,000	\$3,065,000

EXPENDITURE EXPLANATION

This bill may increase local fund expenditures for the City by \$613,000 annually as the tax proceeds are spent in accordance with the bill and by up to \$18,000 for elections costs.

Based on information obtained from the City and Livingston Parish School Board, a 6.75% hotel occupancy tax would generate \$613,000 annually. The tax proceeds can only be used to pay collection fees and salaries and benefits for the City's fire and police department employees. The City's expenditures will increase as the City uses the tax proceeds in accordance with the bill.

In addition, the bill requires the tax to be approved by voters in an election. Information from the Louisiana Secretary of State indicates that the City's expenditures may increase by up to \$1,800 for a fall of 2023 election and by up to \$18,000 for a spring election, assuming that the bill is the only item on the ballot.

REVENUE EXPLANATION

This bill may increase local fund revenue for the City by up to \$613,000 annually depending on whether the City contracts with an outside entity to collect the taxes.

Information obtained from the City and Livingston Parish School Board indicates that a 6.75% hotel occupancy tax would generate \$613,000 annually. The bill authorizes the City to contract with an outside public entity to collect the tax proceeds and to pay a collection fee to the collecting entity. Currently, the Livingston Parish School Board collects existing parish-wide hotel occupancy taxes on the hotels in the City. Assuming the City contracts with the Parish to collect these taxes, School Board revenues may increase by \$18,400 annually (\$613,000 x 3% collection fee), and City revenues may be increased by \$594,600 annually (\$613,000 - \$18,400).

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}

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