



LEGISLATIVE FISCAL OFFICE
Fiscal Note

Fiscal Note On: **SB 341** SLS 24RS 206
 Bill Text Version: **ENROLLED**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: May 29, 2024 6:28 PM **Author:** HARRIS, JIMMY
Dept./Agy.: Department of Economic Development **Analyst:** Noah O'Dell
Subject: Major Events Incentive Fund and Program Administration

ECONOMIC DEVELOP DEPT EN -\$500,000 GF EX See Note Page 1 of 2
 Provides relative for the Major Incentive Fund and Program. (gov sig)

Current law requires the Lt. Governor, through the Department of Culture, Recreation, and Tourism (CRT) to administer the Major Events Incentive Program to provide funding for specific major events in the state through the Major Events Incentive Fund. Within 60 days after the major event, the Lt. Governor is required to submit an economic analysis to the Joint Legislative Committee on the Budget (JLCB) including incremental state tax increases attributable to the event. JLCB may then determine an amount to transfer to the fund. The fund may also accept one-time appropriations, grants, and donations. Current law provides for the Events Incentive Fund and program in CRT.

Proposed law transfers the administration of the Major Events Incentive Program from CRT to the Department of Economic Development (LED) and removes the economic analysis reports required to be presented to JLCB within 60 days after a major event. The bill also removes the incremental tax increase calculations and subsequent deposit of those funds into the Major Events Incentive Fund. The bill also expands the list of major events to include events sanctioned by certain soccer and rugby governing bodies. Proposed law repeals the Events Incentive program in CRT and the Events Incentive Fund with no provisions for potential pending obligations. Effective 7/1/24.

EXPENDITURES	2024-25	2025-26	2026-27	2027-28	2028-29	5 -YEAR TOTAL
State Gen. Fd.	(\$500,000)	(\$500,000)	(\$500,000)	(\$500,000)	(\$500,000)	(\$2,500,000)
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0

Annual Total

REVENUES	2024-25	2025-26	2026-27	2027-28	2028-29	5 -YEAR TOTAL
State Gen. Fd.	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	DECREASE	DECREASE	DECREASE	DECREASE	DECREASE	
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0

Annual Total

EXPENDITURE EXPLANATION

Proposed law is anticipated to decrease \$500,000 SGF expenditures annually beginning in FY25 as a result of the repeal of the Events Incentive Program (and fund) and the elimination of the requirement to produce economic impact reports within 60 days following a major event.

The bill repeals the Events Incentive Program and the Events Incentive Fund on July 1, 2024. The Events Incentive Fund provides grants up to 25% of the event cost (max. \$250,000) for events not qualified as major events that show a \$350,000 or more economic impact to the state. The fund's only source of revenue was a \$5M one-time SGF transfer in Act 167 of the 22RS. Though the fund holds a balance of \$5M, CRT reports \$209,975 is currently encumbered for three approved events in FY24: LA Crawfish Fest Foundation (St. Bernard Parish) \$70,000, Tangipahoa Chamber of Commerce Girls Basketball \$23,000, and Ponchatoula Strawberry Festival \$116,975 that have not yet submitted invoices for payment. CRT reports there are currently two pending applications for events in New Orleans in FY25: Festivals for Good - Fried Chicken Festival \$250,000 and NOLA Funk Fest \$170,500. Invoices for approved events submitted prior to the close of the FY24 accrual period will presumably be paid from the Events Incentive Fund. Any Events Incentive Fund obligations that may carry forward into FY25 would presumably become SGF obligations under the bill.

The bill transfers the administration of the Major Events Incentive Program from CRT to LED. LED reports that it can absorb the management of the program with current staff based on knowledge of administrative requirements attained when administering the program prior to Act 751 of 22RS. CRT currently has a \$200,000 appropriation associated with the administration of the Events Incentive Program which would presumably no longer be necessary after proposed law. CRT currently has a \$300,000 appropriation associated with the economic impact reports. Presumably, the \$300,000 for impact reports would no longer be necessary.

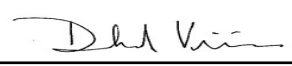
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REVENUE EXPLANATION

The bill is expected to increase SGF revenue and decrease statutory dedications by an indeterminate amount due to the repeal of the mandatory incremental deposit resulting from the economic impact calculation of eligible events. CRT reports no monies to date have been deposited into the Major Events Incentive Fund due to the incremental tax mechanism provided in current law. The bill does not specify placement of the balance remaining in the Events Incentive Fund upon repeal. According to Treasury, upon expiration of the Events Incentive fund and in the absence of direction on the transfer of funds, any available monies will transfer to the SGF .

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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Chief Economist



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CONTINUED EXPLANATION from page one:

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The bill adds FIFA, World Rugby, U.S. Soccer, and USA Rugby governing bodies to the list of potential major events. Examples of the events include but are not limited to the World Cup, international "friendlies", and tournaments consisting of teams governed by the entities enumerated above. To the extent one of these new events initiates a contract with a local governing committee, LED could evaluate the event for grant funding should it have a sufficient appropriation.

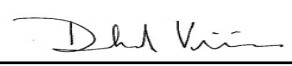
This fiscal note assumes that major events under contract prior to the effective date of the bill will continue to require an economic impact report, though the bill is not explicit. Future contracts under proposed law will not require economic impact reports.

For informational purposes, CRT has corrected its reporting to state that 2 major events within the Major Events program are currently scheduled for FY25 but not yet contracted:

- USA National Karate Championship in Lafayette (\$50,000 - contract pending)
- 2025 SuperBowl in New Orleans (\$10 M - award notification pending)

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