



OFFICE OF LEGISLATIVE AUDITOR
Fiscal Note

Fiscal Note On: **HB 610** HLS 25RS 153

Bill Text Version: **ORIGINAL**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

Date: April 22, 2025	4:35 PM	Author: HILFERTY
Dept./Agy.: City of New Orleans		
Subject: Short Term Rental Occupancy Tax		Analyst: Courtney Stevenson

TAX

OR +\$7,500,000 LF RV See Note

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Provides relative to the levy of a tax on short-term rentals of overnight lodging in the city of New Orleans

Purpose of Bill: The bill increases the maximum occupancy tax that the City of New Orleans (City) can levy on short-term rentals from 6.75% to 10%.

Note: Current law defines short-term rentals as residential dwellings rented for less than 30 days, excluding hotels, motels, bed and breakfasts, and other land uses explicitly defined and regulated separately from short-term rentals. Current law also dedicates/allocates the proceeds from the tax as follows: 75% to the City's infrastructure fund and 25% (pursuant to a cooperative endeavor agreement) to New Orleans & Company, a non-profit organization, to promote tourism in the City.

EXPENDITURES	2025-26	2026-27	2027-28	2028-29	2029-30	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	2025-26	2026-27	2027-28	2028-29	2029-30	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	\$7,500,000	\$7,500,000	\$7,500,000	\$7,500,000	\$7,500,000	\$37,500,000
Annual Total	\$7,500,000	\$7,500,000	\$7,500,000	\$7,500,000	\$7,500,000	\$37,500,000

EXPENDITURE EXPLANATION
This bill may increase local fund expenditures by an indeterminable amount as the additional tax proceeds are spent on City infrastructure and tourism promotion. In addition, the City may incur a one-time cost of approximately \$31,000 related to implementing the new tax rate (e.g. updating tax forms).

Current law requires 75% of proceeds to be dedicated to the City’s infrastructure fund and 25% of the tax proceeds to be allocated to New Orleans & Company to be used to promote tourism in the City. Local fund expenditures may increase as the proceeds from the tax increase are used in accordance with the requirements of current law.

An official with the City indicated that implementing this bill would increase one-time local expenditures by approximately \$31,000 during fiscal year 2025-26 due to costs related to updating, printing, and mailing tax forms and updating the City’s online tax processing platforms.

REVENUE EXPLANATION
This bill may increase local fund revenues by approximately \$7.5 million annually.

An official with the City indicated the current 6.75% occupancy tax generated approximately \$15.5 million in tax collections in 2024. Based on this data, the City projects that a 10% occupancy tax could generate approximately \$23 million annually (\$15.5 million / 6.75% x 10%) in tax collections, an increase of \$7.5 million in tax collections.

Based on current law, approximately \$5.6 million (75%) of this estimated revenue increase would be dedicated to the City's infrastructure fund, while the remaining \$1.9 million (25%) would be allocated to New Orleans & Company for promoting tourism in the City.