



OFFICE OF LEGISLATIVE AUDITOR
Fiscal Note

Fiscal Note On: HB 516 HLS 13RS 868
Bill Text Version: REENGROSSED
Opp. Chamb. Action:
Proposed Amd.:
Sub. Bill For.:

Table with metadata: Date: May 23, 2013 11:15 AM; Author: LEGER; Dept./Agy.: Ernest N. Morial New Orleans Exhibition Hall Authority; Subject: Ernest N. Morial New Orleans Exhibition Hall Authority; Analyst: Kevin Starns

CONVENTION FACILITIES RE SEE FISC NOTE LF EX See Note Page 1 of 2
Provides with respect to the Ernest N. Morial-New Orleans Exhibition Hall Authority

Purpose of Bill: This measure expands the authority of the Ernest N. Morial-New Orleans Exhibition Hall Authority (Authority) to provide for the issuance of nontraditional tax-free bonds and other obligations to finance expansion projects, and to provide for additional bonding capacity. This measure removes limitations relative to lodging facilities, authorizes the authority to enter into contracts with hotels, and extends exemptions to hotel services. This measure also authorizes the Phase V Convention Center Expansion Project, which will allow a joint venture between the authority and a private entity for a tourism development plan to enhance the Convention Center and install basic infrastructure.

Table with 7 columns: EXPENDITURES, 2013-14, 2014-15, 2015-16, 2016-17, 2017-18, 5-YEAR TOTAL. Rows include State Gen. Fd., Agy. Self-Gen., Ded./Other, Federal Funds, Local Funds, and Annual Total.

Table with 7 columns: REVENUES, 2013-14, 2014-15, 2015-16, 2016-17, 2017-18, 5-YEAR TOTAL. Rows include State Gen. Fd., Agy. Self-Gen., Ded./Other, Federal Funds, Local Funds, and Annual Total.

EXPENDITURE EXPLANATION

This bill may increase local fund expenditures and State capital outlay expenditures.

Per an official with the Authority, preliminary estimates indicate that the Authority's cost of the project is approximately \$184 million. According to the official, half of the project, or \$92,000,000 will be funded with local funds and half will be funded by State capital outlay funds.

Local fund expenditures: Half of the project will be funded through the issuance of bonds by the Authority. The Authority would finance the bonds over a 25 year period at an estimated 5% borrowing rate. The annual average principal and interest payments would be \$5.7 million, \$300,000 in principal and \$5.4 million in interest, through 2021 and ascend thereafter as existing debt of the Convention Center is paid and additional debt service expenditure capacity is created. The authority estimates local fund expenditures to be \$113,657,500 from FY14 through FY18, which includes estimated project costs as well as the estimated principal and interest costs for the project's bonds. Project expenses financed with bond proceeds would begin in FY 2014 and finish in 2017.

Expenditure explanation continued on page 2.

REVENUE EXPLANATION

This bill may increase local fund revenues.

According to the Authority official, one-half, or \$92 million, will be financed through bond proceeds, and the other \$92 million will be funded with state capital outlay funds over a period of several years. The timing of the inflow of state capital outlay funds is uncertain at this time. The Authority estimates that it will issue bonds by January of 2014. The issuance of bonds is considered a source of financing.

Senate Dual Referral Rules House
[ ] 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H} [ ] 6.8(F) >= \$500,000 Annual Fiscal Cost {S}
[ ] 13.5.2 >= \$500,000 Annual Tax or Fee Change {S&H} [ ] 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

Joy Irwin
Director of Advisory Services



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**CONTINUED EXPLANATION from page one:**

Continuance of expenditure explanation on page 1.

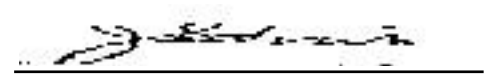
**State expenditures:** According to the Authority official, half of the project, or \$92,000,000 will be funded with state capital outlay funds. Per an official with Facility Planning and Control, the approval for this project has not been finalized. The timing of the outflows for state capital outlay funds is uncertain at this time.

Senate

Dual Referral Rules

House

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| <input checked="" type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H} | <input type="checkbox"/> 6.8(F) >= \$500,000 Annual Fiscal Cost {S}                        |
| <input type="checkbox"/> 13.5.2 >= \$500,000 Annual Tax or Fee Change {S&H}      | <input type="checkbox"/> 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S} |



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