



# OFFICE OF LEGISLATIVE AUDITOR Fiscal Note

Fiscal Note On: **HB 255** HLS 14RS 317

Bill Text Version: **ORIGINAL**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

|  |                                |
|--|--------------------------------|
| <b>Date:</b> March 12, 2014 9:33 AM            | <b>Author:</b> ORTEGO          |
| <b>Dept./Agy.:</b> City of Carencro            | <b>Analyst:</b> Anthony Truong |
| <b>Subject:</b> Additional Hotel Occupancy Tax |                                |

TAX/HOTEL OCCUPANCY

OR +\$67,400 LF RV See Note

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Authorizes the governing authority of the city of Carencro to levy a hotel occupancy tax

**Purpose of Bill:** This measure allows the City of Carencro to levy a hotel occupancy tax not to exceed 4%, and provides that the tax proceeds be used for the construction and maintenance of water and sewer infrastructure, economic development, and the promotion of tourism within the City.

This measure also provides that the tax be approved by the voters of the City, and be imposed by a City ordinance or resolution.

| EXPENDITURES        | 2014-15        | 2015-16         | 2016-17         | 2017-18         | 2018-19         | 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         | \$1,000        | \$13,500        | \$67,400        | \$67,400        | \$67,400        | \$216,700        |
| <b>Annual Total</b> | <b>\$1,000</b> | <b>\$13,500</b> | <b>\$67,400</b> | <b>\$67,400</b> | <b>\$67,400</b> | <b>\$216,700</b> |

  

| REVENUES            | 2014-15    | 2015-16         | 2016-17         | 2017-18         | 2018-19         | 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         | \$0        | \$13,500        | \$67,400        | \$67,400        | \$67,400        | \$215,700        |
| <b>Annual Total</b> | <b>\$0</b> | <b>\$13,500</b> | <b>\$67,400</b> | <b>\$67,400</b> | <b>\$67,400</b> | <b>\$215,700</b> |

### EXPENDITURE EXPLANATION

**This bill may increase local governmental expenditures by approximately \$1,000 in fiscal year 2014-15, approximately \$13,500 in fiscal year 2015-16, and approximately \$67,400 annually thereafter.**

The proposed tax must be approved by voters of the City. An official with the City indicated that the City plans to place the tax on the ballot for the November 4, 2014 election. An official with the Secretary of State indicated that the City may incur approximately \$700 in election costs to place the tax on the ballot. However, the actual election cost may vary based on the number of items on the ballot.

An official with the City indicated that the Lafayette Parish School System will likely collect this tax. An official with the School System indicated that the collection of this tax would not materially impact School System expenditures. However, the official also indicated that the School System may incur a \$300 cost in 2014-15 to update its system for the new tax.

This bill mandates that the City of Carencro use the new tax proceeds for specific purposes. In addition, as stated above, an official with the City indicated that the City is likely to contract Lafayette Parish School System for the collection of this tax – this contract would result in additional tax collection fees to be paid by the city. Based on this information, it appears that City's expenditures may increase as it uses the tax proceeds for the purposes provided in the bill and for the payment of tax collection fees (approximately \$13,500 for fiscal year 2015-16 and approximately \$67,400 annually by fiscal year 2016-17).

### REVENUE EXPLANATION

**This bill may increase local governmental revenues by approximately \$13,500 in fiscal year 2015-16 and approximately \$67,400 annually thereafter.**

An official with the City of Carencro indicated that this new tax may generate approximately \$13,500 in fiscal year 2015-16 (based on one hotel currently in service) and approximately \$67,400 annually thereafter (based on a second hotel going into service).

An official with the City indicated that the Lafayette Parish School System will likely collect this tax. Based on information obtained from the School System, we estimate that the School System may charge approximately \$700 in collection fees in fiscal year 2015-16 and approximately \$3,600 in collection fees annually thereafter. These fee estimates were based on the City's estimate of new tax revenue and the School System's method of allocating collection costs. Assuming that the tax generates \$67,400 annually starting in fiscal year 2016-17, we estimate that the City may receive approximately \$63,800 annually from the proposed tax with the remaining \$3,600 going to the School System in collection fees.

Senate Dual Referral Rules House  6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}

13.5.1 >= \$100,000 Annual Fiscal Cost {S&H}  6.8(F)(2) >= \$500,000 State Rev. Reduc. {H & 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**