

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **SB 22** SLS 161ES 104

Bill Text Version: **REENGROSSED**

Opp. Chamb. Action: **w/ HSE COMM AMD**

Proposed Amd.:

Sub. Bill For.:

| | | |
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| Date: March 5, 2016 | 1:13 PM | Author: MORRELL |
| Dept./Agy.: Revenue | | Analyst: Deborah Vivien |
| Subject: Subjects sales at public facilities to sales tax | | |

TAX EXEMPTIONS RE1 INCREASE GF RV See Note Page 1 of 1
Includes numismatic coins and bullion in the definition of tangible personal property subject to sales and use tax. (Item #36) (gov sig)

Current law exempts from state and local sales tax sales at domed stadium facilities, baseball facilities and the publicly owned property on which the facilities are located. In the facilities, sales tax is only imposed at trade shows at which the sale of such good is the primary purpose. State sales tax is exempt at other publicly owned facilities if the local sales tax is also exempt, with the exception of trade shows at which the sale of such goods is the primary purpose.

Proposed law removes some exemptions from state and local sales and amusement tax except all sales, services or other transactions related to athletic and bid-upon events at domed stadiums, some baseball fields and other public facilities. Additional items remaining exempt are sales at a team merchandise store at the facility, 50% of all other ticket sales and tours. The bill allocates 30% of 1c of all Superdome state sales tax from these sales (except sales from trade shows etc with sales as the primary purpose) to LA School for Math, Science and the Arts (LSMSA) and the New Orleans Center for the Creative Arts (NOCCA) pursuant to appropriation. Some local sales tax is dedicated to certain local interests by facility. Effective for tax periods beginning on or after April 1, 2016.

| EXPENDITURES | 2016-17 | 2017-18 | 2018-19 | 2019-20 | 2020-21 | 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 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Annual Total | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |

| REVENUES | 2016-17 | 2017-18 | 2018-19 | 2019-20 | 2020-21 | 5 -YEAR TOTAL |
|---------------------|----------------|----------------|----------------|----------------|----------------|----------------------|
| State Gen. Fd. | INCREASE | INCREASE | INCREASE | INCREASE | INCREASE | |
| 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 | | | | | | |

EXPENDITURE EXPLANATION

There is no anticipated direct material effect on governmental expenditures as a result of this measure.

REVENUE EXPLANATION

The value of the exemption for sales at public facilities may be reported in the "Other" category on the sales tax form and in the Tax Exemption Budget. To the extent that impacted transactions occur, state general fund and local revenue will increase. The magnitude of any such increase is not readily determinable, but the bill seems to apply to only a limited set of transactions at these facilities. The bill also removes the upper population restriction on domed arena facilities and lowers the seating requirement for professional baseball facilities, which could increase the impacted facilities, though time constraints do not allow conclusive analysis. However, the bill can only result in an increase in collections.

The bill provides that 30% of 1% tax rate of proceeds from Superdome receipts, be allocated to LSMSA and NOCCA pursuant to an appropriation. In addition, in Orleans parish, local sales tax as described in the bill from a domed stadium is dedicated to the New Orleans Council on Aging. All local sales tax collected at the UNO Lakefront Arena will remain with UNO. Similarly, all local sales tax collected on the property of Southeastern Louisiana University will stay with Southeastern LA University.

Since these items were not previously taxed, any collections increase may be experienced slowly over time as compliance improves. The first FY 16 collections affected by this bill will be due May 20.

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| <u>Senate</u> | <u>Dual Referral Rules</u> | <u>House</u> |
| <input type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H} | <input type="checkbox"/> 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & 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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