



OFFICE OF LEGISLATIVE AUDITOR
Fiscal Note

Fiscal Note On: SB 544 SLS 18RS 1963
Bill Text Version: ENGROSSED
Opp. Chamb. Action: w/ HSE COMM AMD
Proposed Amd.:
Sub. Bill For.:

Date: April 30, 2018 11:15 AM Author: MILLS
Dept./Agy.: Iberia Parish Tourist Commission/Iberia Economic Development Authority
Subject: Taxes/Hotel, Motel, and Overnight Camping Facilities Analyst: Jamie Mergist

LOCAL FINANCE EG1 INCREASE LF RV See Note Page 1 of 1

Authorizes certain parish tourism commissions to levy a hotel occupancy tax and overnight campsite parking tax to be distributed pursuant a cooperative endeavor agreement with the economic development authority. (7/1/18)

Purpose of the Bill: This bill allows the parish tourist commission in a parish that has a population of not less than sixty-five thousand nor more than eighty thousand persons to levy and collect a tax upon the paid occupancy of hotel rooms, motel rooms, and overnight camping facilities located within the boundaries of the commission (based on population criteria, Iberia Parish is currently the only parish that will be impacted by this bill). The occupancy tax shall not exceed five and one-half percent of the rent or fee charged for the occupancy of hotel rooms, motel rooms, and overnight camping facilities located within the boundaries of the commission. The commission shall retain a percentage of the proceeds of the tax and shall transfer the remainder of the proceeds of the tax to the economic development authority (percentages shall be pursuant to an intergovernmental agreement between the commission and the authority). The commission and the authority shall use the proceeds of the tax for any lawful purpose for which funds may be expended.

This measure provides that the tax be imposed by resolution or ordinance adopted by the parish tourist commission's board of commissioners or after a proposition authorizing the levy of the tax has been approved by a majority of the voters in the parish. In addition, the resolution or ordinance levying the tax shall be approved by a majority of the members of the tourist commission's board of commissioners.

Table with 7 columns: EXPENDITURES, 2018-19, 2019-20, 2020-21, 2021-22, 2022-23, 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, 2018-19, 2019-20, 2020-21, 2021-22, 2022-23, 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 governmental expenditures as the Iberia Parish Convention & Visitors Bureau (Bureau/Commission) and the Iberia Economic Development Authority (IEDA) use the proceeds of the taxes for any lawful purpose for which funds may be expended.

An official representing the Bureau/Commission stated they do not currently have any planned expenditures. Their expenditures would depend on future projects and the Bureau/Commission's expenses associated with those projects. Expenditures may include tax collector fees, marketing fees, or project fees.

An official representing the Iberia Industrial Development Foundation (IDF) and the Iberia Economic Development Authority (IEDA) stated that the expenditures will be used to facilitate the economic development program for Iberia Parish, as well as to allow the continued development of Progress Point Business Park and Airport Gateway. The expenditures are expected to increase by the amount of revenues generated by the proposed taxes. See Revenue Explanation.

If an election is held, officials from the Secretary of State's Office stated that there would be no additional costs to the state for this election. The Bureau/Commission would be responsible for paying no more than 25% of the total cost (\$76,800 x .25 = \$19,200) if the election is held on a statewide election date. If the election is held on a municipal election date, the Bureau/Commission would be responsible for the entire cost because there would be no state share.

REVENUE EXPLANATION

This bill may increase local governmental revenues by approximately \$900K annually.

For illustrative purposes, using values obtained from the Iberia Parish Convention & Visitors Bureau/Commission, we have calculated a potential revenue impact.

Hotel Occupancy Tax - Assuming the full fee is imposed, the potential revenue would be approximately \$613,291 annually (940 hotel rooms x 365 days/year x 50% occupancy rate x (\$65 average daily rate x 5.5% tax of rent/fee).

Overnight Campsite Tax - Assuming the full fee is imposed, the potential revenue would be approximately \$293,597 annually (650 campsites x 365 days/year x 50% occupancy rate x (\$45 average daily rate x 5.5% tax of rent/fee).

According to officials with the Bureau/Commission, funds will be distributed as per an intergovernmental agreement with IEDA. Allocation amounts have not been determined at this time.

Senate Dual Referral Rules
13.5.1 >= \$100,000 Annual Fiscal Cost {S&H}
[X] 13.5.2 >= \$500,000 Annual Tax or Fee Change {S&H}

House
6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}
[X] 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

Signature of Michael G. Battle
Michael G. Battle
Manager, Advisory Services