



**OFFICE OF LEGISLATIVE AUDITOR  
Fiscal Note**

Fiscal Note On: **HB 421** HLS 19RS 841  
 Bill Text Version: **ORIGINAL**  
 Opp. Chamb. Action:  
 Proposed Amd.:  
 Sub. Bill For.:

<b>Date:</b> April 5, 2019 5:20 PM	<b>Author:</b> LEGER
<b>Dept./Agy.:</b> City of New Orleans	<b>Analyst:</b> Barbara Lively
<b>Subject:</b> Occupancy tax on short term rentals	

TAX/HOTEL OCCUPANCY OR +\$860,000 LF RV See Note Page 1 of 1  
 Authorizes the governing authority of the city of New Orleans to levy a tax on short term rentals of overnight lodging

**PURPOSE of Bill:** This measure authorizes the City of New Orleans, subject to voter approval, to levy on short term rentals an occupancy tax not to exceed .55% of the rent or fee charged for occupancy of the short term rentals. The tax collected, minus the collection cost, would be dedicated to the general fund.

EXPENDITURES	<u>2019-20</u>	<u>2020-21</u>	<u>2021-22</u>	<u>2022-23</u>	<u>2023-24</u>	<u>5 -YEAR TOTAL</u>
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Ded./Other	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Federal Funds	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Local Funds	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
<b>Annual Total</b>						

  

REVENUES	<u>2019-20</u>	<u>2020-21</u>	<u>2021-22</u>	<u>2022-23</u>	<u>2023-24</u>	<u>5 -YEAR TOTAL</u>
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Ded./Other	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Federal Funds	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Local Funds	<u>\$430,000</u>	<u>\$860,000</u>	<u>\$860,000</u>	<u>\$860,000</u>	<u>\$860,000</u>	<b>\$3,870,000</b>
<b>Annual Total</b>	<b>\$430,000</b>	<b>\$860,000</b>	<b>\$860,000</b>	<b>\$860,000</b>	<b>\$860,000</b>	<b>\$3,870,000</b>

**EXPENDITURE EXPLANATION**

**This bill may increase local fund expenditures by an indeterminable amount.**

An official with the City of New Orleans stated that collection costs through the City will be negligible, including the updating of the forms and education of the taxpayers about the new tax and the provision of enforcement services.

An official with the Louisiana Secretary of State's Office indicated that the total election cost to the City could vary depending on when the election is held. Based on the recent costs of elections in the parish, the total cost for the election would be about \$460,000 if held in the fall of 2019 or \$380,000 if held in the following spring. If the election is held on a statewide election date, the City would be responsible for paying no more than 25% of the total cost (\$460,000 x .25 = \$115,000). If held in the spring, the City may have to pay the entire cost of \$380,000.

**REVENUE EXPLANATION**

**This bill may increase local fund revenues by approximately \$860,000 per year.**

An official with the City of New Orleans indicated that based on a 3.97% sales tax currently in place on short term lodging rental in residences, the .55% occupancy tax could generate revenue of about \$860,000 (\$156,200,000 annual sales X .55%). This official indicated that there is no target election date for the tax, but assuming that the tax goes into effect halfway through fiscal year 2020, the tax would generate \$430,000 in fiscal year 2020.

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

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

*M. G. Battle*  
**Michael G. Battle**  
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