



LEGISLATIVE FISCAL OFFICE
Fiscal Note

Fiscal Note On: **SB 673** SLS 12RS 968
 Bill Text Version: **ENROLLED**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: June 1, 2012 9:30 AM	Author: ERDEY
Dept./Agy.: Revenue	Analyst: Deborah Vivien
Subject: Juban Crossing sales tax dedication	

FUNDS/FUNDING EN DECREASE GF RV See Note Page 1 of 1

To establish the Juban Crossing Economic Development District Fund as a special fund in the state treasury and to provide for the disposition of certain sales tax proceeds within Livingston Parish. (7/1/12)

Current law dedicates the proceeds of the state sales tax on hotel and motel room rentals in Livingston Parish to the Livingston Parish Tourism Improvement Fund with the remaining state sales tax generated in the parish deposited to the state general fund.

Proposed law creates the Juban Crossing Economic Development District Fund into which the proceeds of 1% of state sales tax generated within the Juban Crossing Economic Development District up to \$45 million total will be deposited for infrastructure, construction, site preparation, public improvements, etc. in accordance with the district's plans for as long as the project is generating sales tax. If the money is pledged for bonds, the revenue reverts to the state general fund upon payment of bonds. If no bonds are sold, the proceeds continue to accumulate in the Juban Crossing fund until \$45 million is deposited. The Department of Revenue is authorized to retain 1% up to \$10,000 per year for administration costs.

EXPENDITURES	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>5 -YEAR TOTAL</u>
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	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	\$0
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

REVENUES	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>5 -YEAR TOTAL</u>
State Gen. Fd.	DECREASE	DECREASE	DECREASE	DECREASE	DECREASE	
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	\$0
Annual Total						

EXPENDITURE EXPLANATION

The Department of Revenue will have to identify and isolate taxable sales and state sales tax generated within the District in order to deposit the appropriate dollar amount of state sales tax remittances to the new special fund created by this bill. The Department already does this for certain similar remitter groups such as entities in tax increment financing districts (though this bill does not authorize a TIF). The Department may retain 1% up to \$10,000 per year from the proceeds for administrative expenses.

REVENUE EXPLANATION

This bill establishes a dedication of state sales tax revenue generated by a single project into a fund for use by the local entity for project-related expenses. This is not the same as tax increment financing (TIF), which requires a cooperative endeavor agreement between the local authority and the state, and typically includes participation of local funds, as well. The dedication is capped at \$45 million over the life of the project and will revert to the state general fund once any bonds are paid off, if the proceeds are pledged for bonds. If the proceeds are not pledged for bonds, the dedication will continue to accumulate in the fund until the dedication reaches \$45 million.

Currently, the state revenue forecast anticipates annual economic base growth. Projects such as the Juban Crossing development are part of that economic base growth. This bill dedicates a portion of the sales tax associated with economic base growth. Thus, general fund revenue generated from the Juban Crossing project will decrease since this bill will dedicate a portion of state sales tax to the project (a 1% state levy). It is not known how much the decrease will be or when the project will become operational in order for the dedication to begin, but to the extent that taxable sales are generated within the district, the tax dollars resulting from a 1% state sales tax levy will be diverted away from the state general fund, and will be available as a statutory dedication for use in the district. According to committee testimony, local government has committed 2.5% of the local portion of sales tax collected from the Juban Crossing project.

The Juban Crossing project is a mixed use community being developed in Denham Springs. The site is 471 acres with 1.2 million sq. ft. of retail space planned along with residences and professional offices.

<p><u>Senate</u></p> <p><input type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H}</p> <p><input type="checkbox"/> 13.5.2 >= \$500,000 Annual Tax or Fee Change {S&H}</p>	<p><u>Dual Referral Rules</u></p>	<p><u>House</u></p> <p><input type="checkbox"/> 6.8(F)1 >= \$500,000 Annual Fiscal Cost {S}</p> <p><input type="checkbox"/> 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}</p>	<p align="right"><i>Gregory V. Albrecht</i></p> <hr/> <p>Gregory V. Albrecht Chief Economist</p>
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