



OFFICE OF LEGISLATIVE AUDITOR
Fiscal Note

Fiscal Note On: HB 1210 HLS 14RS 2386
Bill Text Version: ORIGINAL
Opp. Chamb. Action:
Proposed Amd.:
Sub. Bill For.:

Date: April 23, 2014 2:57 PM Author: MORENO
Dept./Agy.: Orleans Parish Analyst: Becky Ewing
Subject: Authorizes a Sales Tax on Tobacco Products

TAX/LOCAL OR +\$25,000,000 LF RV See Note Page 1 of 1
Authorizes the parish of Orleans to levy a sales tax on tobacco products sold in the parish

Purpose of Bill: This bill allows the governing authority of Orleans Parish (City of New Orleans) to levy a sales tax on tobacco products sold at retail in the parish not to exceed \$0.75 per pack or package. In addition, this bill provides for the sales tax proceeds to be used for such purposes as are determined by the governing authority of the parish, including the funding of bonds.

This tax must be approved by the voters of the Orleans Parish, and be imposed by ordinance.

Table with 7 columns: EXPENDITURES, 2014-15, 2015-16, 2016-17, 2017-18, 2018-19, 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, 2014-15, 2015-16, 2016-17, 2017-18, 2018-19, 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 fund expenditures for the City of New Orleans by an indeterminable amount.

This bill requires the sales tax to be approved by the voters in Orleans Parish. An official with the Secretary of State indicated that it would cost the City of New Orleans \$480,000 to hold a parish-wide election if the tax proposition was the only item on the ballot.

This bill provides that tax proceeds are to be used for such purposes as determined by the governing authority of the parish. City expenditures will increase as tax proceeds are spent in accordance with the bill.

REVENUE EXPLANATION

This bill may increase local fund revenues for the City of New Orleans by approximately \$25 million annually.

Based on information obtained from the Louisiana Department of Revenue, we estimate that this new sales tax could generate approximately \$25 million annually for the City of New Orleans. However, it should be noted that this estimate was based on several assumptions as follows:

- Number of cigarette 20-packs stamped in FY 2013 = 337,000,000
Presumed number of 20-packs for Orleans Parish (based on population) = 27,000,000
Maximum proposed sales tax per package per HB 1210 = \$0.75
Potential cigarette sales tax revenue = \$20,000,000
Additional revenue from other tobacco products = \$5,000,000

Total Estimated Revenue = \$25,000,000

- Senate Dual Referral Rules House
[] 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}
[X] 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H}
[] 6.8(F)(2) >= \$500,000 State Rev. Reduc. {H & S}
[X] 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}

Signature of Tom Cole
Tom Cole
Director of Financial Audit