

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 53** HLS 162ES 3
 Bill Text Version: **ENROLLED**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: June 24, 2016 12:32 PM	Author: ABRAMSON
Dept./Agy.: Revenue	Analyst: Deborah Vivien
Subject: Imposes a new access charge on certain public facilities	

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 Provides with respect to sales of certain services and tangible personal property at certain publicly owned facilities (Item #35)

Current law exempts state or locally owned domed stadium facilities, baseball facilities and the publicly owned property on which the facilities are located from state and local sales tax for all events except trade shows. 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.

For certain state-owned, domed or semi-pro baseball public facilities (Superdome, New Orleans Arena and Zephyr Field), proposed law limits state and local sales tax exemptions to all sales, services or other transactions related to athletic events (and bid-upon events at largest public facilities) including primary ticket market and secondary ticket market if nonprofit including parking, sales of team merchandise store at the facility, 50% of all other ticket sales (100% for events contracted on or before 9/1/16), and facility tours. The larger locally-owned domed facilities, such as CajunDome, River Center and CenturyLink are limited to essentially the same state sales tax exemption status as state owned domed facilities with local taxation decoupled from the state exemption. Other state-owned facilities have (Continued in the REVENUE EXPLANATION below)

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.	SEE BELOW					
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	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. The Department of Revenue may require additional time and resources to effectuate state taxation at each facility given the nuances within the bill. Costs such as this are typically absorbed within the existing agency budget, but ultimately contribute to the supplanting/delaying of other functions/activities.

REVENUE EXPLANATION

The bill changes exemptions in certain facilities by expanding the exemption for some (CenturyLink and RiverCenter - both state only), which will decrease state general fund revenue, and limiting the exemption for others (ie, Superdome, New Orleans Arena, Zephyr Field - state and local; Cajundome - state only, among others), which will increase state and local revenue. The bill has offsetting effects to the state fisc but can only work to increase local sales tax proceeds, though some of those proceeds are dedicated in the bill.

The value of the exemption for sales at public facilities may be reported in the "Other" category on the state sales tax form and in the Tax Exemption Budget. The magnitude of any such impact is not readily determinable, but the bill seems to apply to only a limited set of transactions. By removing the upper population restriction on locally owned domed arena facilities, the bill presumably brings the CenturyLink Arena and the RiverCenter under the same exemption statute(s) as the Cajundome.

BILL SUMMARY (Continued from above)

a local option to exempt in any capacity and state sales taxation follows local taxation. Trade shows remain taxable at all public facilities. Major annual sporting events when nonresident income tax is dedicated to the Sports Facility Assistance Fund (Saints and Pelicans games) are specifically exempt from all sales tax.

State sales tax is deposited to state general fund unless specifically dedicated. Thirty percent of state tax proceeds resulting from the 1% imposition under 47:321 remitted from events at the Superdome are dedicated to LA School for Math, Science and the Arts (LSMSA) and the New Orleans Center for the Creative Arts (NOCCA) in equal parts.

Local sales tax from a facility on higher education property (except the Cajundome) will be returned to that institution. Twenty percent of local sales tax remitted from all other state-owned facilities in Orleans Parish is dedicated to the New Orleans Council on Aging with equal parts retained from the dedication that would otherwise flow to the Orleans Parish School Board and the Regional Transit Authority. Local sales tax proceeds from the Angola Rodeo are to be split 66% to West Feliciana School Board and 34% to the West Feliciana Council on Aging.

Effective for tax periods beginning on or after 9/1/16.

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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 checked="" 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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