

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **SB 33** SLS 19RS 292
 Bill Text Version: **ORIGINAL**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

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Dept./Agy.: Special Districts	Analyst: Benjamin Vincent
Subject: Sales Tax Increments: State Sales Tax Exception	

SPECIAL DISTRICTS OR DECREASE GF RV See Note Page 1 of 1
 Authorizes expansion of scope of projects and extension of use of state sales tax for certain tax increment financing districts. (8/1/19)
Current law provides that sales tax increments may not consist of state revenues or revenues of taxing authorities with boundaries coterminous with the state. Current law additionally provides certain exceptions regarding state sales tax increments.

Proposed law provides an additional exception for state tax increments for the expansion of projects where the initial cooperative endeavor agreement was executed prior to July 1, 1997 and did not expire prior to August 1, 2019. Proposed law also provides that the state sales tax increments shall not be extended beyond December 31, 2030.

Effective August 1, 2019.

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	\$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>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.	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

There is no anticipated direct material effect on governmental expenditures as a result of this measure.

REVENUE EXPLANATION

Proposed law extends the eligibility for the use of state tax increments to finance expansions of certain projects.

According to the Dept of Revenue, the parameters of the proposed law affect three projects in Ouachita and Lincoln Parishes. LDR reports that state sales tax associated with those three projects is approximately \$7.5 mil per year. To the extent that expansions to these projects occur with state sales tax receipts used to finance the expansions, as apparently contemplated by this bill, state sales tax collections associated with such expansions will decrease as the increments are dedicated to the projects.

The LFO is unable to assess the likelihood of any such potential expansions. Thus, while the specific dollar amount and timing of an impact on state general fund and dedications due to proposed law is indeterminable, the bill seems to contemplate a dedication of state sales tax receipts that would otherwise flow to the state general fund, as displayed in the table above.

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}

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