

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 610** HLS 19RS 1233
 Bill Text Version: **ENGROSSED**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.: **REVISED**

Date: May 16, 2019 11:45 AM	Author: MIGUEZ
Dept./Agy.: Revenue	Analyst: Benjamin Vincent
Subject: Local Sales Tax Dedications: 0.45% Levy	

FUNDS/FUNDING EG -\$6,900,000 GF RV See Note Page 1 of 1
 Dedicates certain sales and use taxes.

Present law dedicates some combination of the avails of the 2% state sales tax levy in R.S. 47:302, the 1% levy in R.S. 47:321, and the 0.97% levy in R.S. 47:331 on the furnishing of sleeping rooms, cottages, cabins, and hotels/motels to certain special funds, primarily supporting local tourism efforts.

Proposed law additionally dedicates the avails of the 0.45% levy in R.S. 47:321.1 on the same sales to certain funds.

Effective July 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>	<u>\$0</u>
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.	(\$6,900,000)	(\$6,900,000)	(\$6,900,000)	(\$6,900,000)	(\$6,900,000)	(\$34,500,000)
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$6,900,000	\$6,900,000	\$6,900,000	\$6,900,000	\$6,900,000	\$34,500,000
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>	<u>\$0</u>
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

EXPENDITURE EXPLANATION

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

REVENUE EXPLANATION

Proposed law dedicates the 0.45% levy on room rental sales within certain political subdivisions to dedicated funds. The bill redirects revenues from the general fund to 59 different funds for various parishes and cities/towns.

An estimate of the impact of proposed law is generated based on the estimates for Act 419 funds for FY20 adopted at the Revenue Estimating Conference on April 10, 2019.

The anticipated impact of proposed law is an approximate \$6.9 mil reduction of state general fund revenue and a corresponding increase in aggregate statutorily dedicated fund revenue. The resources of these special funds is appropriated to various local entities across the state; primarily supporting local tourism efforts.

Note: Prior versions of this fiscal note applied an incorrect combined tax rate relative to current law, and utilized it in the estimation of the amount of additional funds that would be dedicated by proposed law. This resulted in an estimate of approximately \$3.5 mil which, upon correction, requires an upward revision to \$6.9 mil. A corrected version of the note on the original bill would indicate an upward revision from \$3.4 mil to \$6.6 mil.

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}

Gregory V. Albrecht
 Chief Economist