

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 934** HLS 12RS 1176

Bill Text Version: **ORIGINAL**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

| | |
|--------------------------------------------------------------------|-------------------------------|
| Date: April 19, 2012 9:33 AM | Author: LIGI |
| Dept./Agy.: Local Governments / Revenue | Analyst: Greg Albrecht |
| Subject: Parish Auto Rental Tax District - Jefferson Parish | |

TAX/LEASE OR +\$544,000 LF RV See Note Page 1 of 1
 Authorizes Jefferson Parish to create an automobile rental tax district

Current law imposes a 3% excise tax on short-term auto rentals. The state portion is a 2.5% levy and a local portion of 0.5% is included. The Department of Revenue collects the entire 3% levy and distributes the local portion back to the parish of rental. The tax has been in effect since 1991, but expires at the end of FY 2012.

Proposed law authorizes Jefferson Parish to create an automobile rental tax district equivalent to the boundaries of the parish. The district is authorized to levy a 0.5% tax on certain automobile rentals. Affected rentals are the same as those under current law. The bill also dedicates the tax proceeds to arts and recreation programs in Kenner, Westwego, and the east and west banks of the parish.

Effective June 30, 2012.

| EXPENDITURES | 2012-13 | 2013-14 | 2014-15 | 2015-16 | 2016-17 | 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 | SEE BELOW | |
| Annual Total | | | | | | |
| REVENUES | 2012-13 | 2013-14 | 2014-15 | 2015-16 | 2016-17 | 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 | \$544,000 | \$544,000 | \$544,000 | \$544,000 | \$544,000 | \$2,720,000 |
| Annual Total | \$544,000 | \$544,000 | \$544,000 | \$544,000 | \$544,000 | \$2,720,000 |

EXPENDITURE EXPLANATION

If existing collection agreements are continued between local entities and the state Department of Revenue, no material effect on governmental expenditures is anticipated as a result of this measure. These collection and distribution processes have been in place for some 22 years. The Department of Revenue should be able to continue those processes with respect to the particular local jurisdictions (if any) that choose to continue the local levy portion with little or no additional cost, other than notifying remitters of the change in the tax rate.

However, if local governments pursue their own separate collection processes, the expenses of those efforts would be borne directly by local governments. The state currently deducts a fee of 0.5% of collections for this service (about \$5,000 per year statewide). It is speculative if any particular local government can collect this tax for less than their portion of the statewide fee amount.

REVENUE EXPLANATION

The bill authorizes Jefferson Parish (through a locally created special district) to continue a levy currently imposed and collected for state and local governments that has been in place for some 22 years. In FY11 the current local levy of 0.5% generated a little over \$544,000 in Jefferson Parish (about 52% of the statewide total).

To the extent Jefferson Parish chooses to create a special district and impose the maximum levy allowed by this bill (0.5%), local receipts would likely total over \$544,000 per year. Proceeds in FY13 may be less than shown above depending on how rapidly the bill could implemented in the first year.

The state portion (2.5%) of the total current levy (3%) also expires at the end of FY12, but the loss of the associated state receipts has already been incorporated into state revenue forecasts and budgeting. This bill does not address the state portion of the total levy.

The proceeds are dedicated to arts and recreation programs in Kenner, Westwego, and the east and west banks of the parish.

| | | | |
|----------------------------------------------------------------------------------------|----------------------------|--------------------------------------------------------------------------------------------|------------------------------------------------------------|
| <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 >= \$500,000 Annual Fiscal Cost {S} | <i>H. Gordon Monk</i> |
| <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} | H. Gordon Monk Legislative Fiscal Officer |