# LEGISLATIVE FISCAL OFFICE
## Fiscal Note

Louisiana Legislative Fiscal Office Fiscal Notes

Fiscal Note On: **HB 971** HLS 12RS 1186
Bill Text Version: **ENGROSSED**
Opp. Chamb. Action:
Proposed Amd.:
Sub. Bill For.:

**Date:** April 23, 2012 9:10 AM
**Author:** BARROW
**Dept./Agy.:** Local Governments / Revenue
**Subject:** Parish Auto Rental Tax District - East Baton Rouge
**Analyst:** Greg Albrecht

TAX/LEASE EG +$750,000 LF RV See Note 
Authorizes East Baton Rouge 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 East Baton Rouge Parish to create an automobile rental tax district equivalent to the boundaries of the parish. The district is authorized to levy a 3% tax on certain automobile rentals, subject to a vote of the people. Affected rentals are the same as those under current law. The bill also dedicates the tax proceeds to the Arts Council of Greater Baton Rouge, the Shaw Center for the Arts, and parish general fund.
Effective upon governor's signature.

| **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 | SEE BELOW | SEE BELOW | SEE BELOW | 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 | $750,000 | $750,000 | $750,000 | $750,000 | $750,000 | **$3,750,000** |
| **Annual Total** | **$750,000** | **$750,000** | **$750,000** | **$750,000** | **$750,000** | **$3,750,000** |

**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 East Baton Rouge Parish (through a locally created special district and a vote of the people) to continue and increase 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 $126,000 for East Baton Rouge Parish (about 12% of the statewide total).

To the extent East Baton Rouge Parish chooses to create a special district and impose the maximum levy allowed by this bill (3%), local receipts would be greater than currently received; likely totaling over $750,000 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. While this bill does not address the state portion of the total levy, it authorizes the effective continuation of the total current levy in East Baton Parish, but with all the proceeds received by the parish.

The proceeds are dedicated to the Arts Council of Greater Baton Rouge, the Shaw Center for the Arts, and parish general fund.

| Senate | Dual Referral Rules | House |
|---|---|---|
| ☐ 13.5.1 >= $100,000 Annual Fiscal Cost {S&H} | | ☐ 6.8(F)1 >= $500,000 Annual Fiscal Cost {S} |
| ☒ 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} |

H. Gordon Monk

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**Legislative Fiscal Officer**