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## DIGEST

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Leger

HB No. 1103

**Abstract:** Relative to the La. Sports and Entertainment District and the use of state sales tax increments for tax increment financing, changes certain procedures for the approval of the use of such state sales tax increments.

Present law creates the La. Sports and Entertainment District as a political subdivision of the state located in the city of New Orleans. Provides that the district is created to provide for cooperative economic and community development among the district, the city, the state, and the owners of property in the district, to enhance the development of and improvement to the property within the area of the district, and to expand the entertainment and leisure activities within the district. Provides for district boundaries and governance. Proposed law retains present law but makes changes to district boundaries.

Present law provides for the rights and powers of the district, including the power to implement tax increment financing as authorized in present law (R.S. 33:9038.33 and 9038.34) for economic development districts. Prohibits the district from exercising the power of taxation.

Proposed law retains present law except makes changes in procedures relative to the approval of the dedication of state sales tax increments for economic development projects affecting the district. Proposed law additionally provides that state sales tax increments dedicated for district purposes shall not exceed the aggregate portion of the local sales tax increments dedicated for district purposes.

Present law (R.S. 33:9038.34(A)(6)), in part, requires that, prior to the dedication of any state sales tax increments to pay revenue bonds for a local economic development project, the secretary of the Dept. of Economic Development (DED) shall submit the proposed project to the Joint Legislative Committee on the Budget for approval and shall include a written evaluation and determination by DED, with input from and certification by the Dept. of Revenue, of the anticipated increase in state sales tax revenues to be collected within the state over such revenues that were collected within the state in the year immediately prior to the year the project is submitted to the committee that would be a direct result of the project.

Proposed law requires that the commissioner of administration (instead of DED) submit the proposed cooperative endeavor agreement to the Joint Legislative Committee on the Budget for approval. Removes requirement that the submittal include a written evaluation and determination by DED and requires, instead, that the submittal include a written evaluation and determination by the division of administration of the anticipated increase in state sales tax revenues to be

collected within the state over the state sales tax revenues that were collected within the state in the year immediately prior to the year in which the district was created that would be a direct result of the activities taking place within the district. Proposed law further requires the Joint Legislative Committee on the Budget, in determining whether to approve the dedication of state sales tax increments, to take into account whether the city of New Orleans has agreed to dedicate city sales tax for a local economic development project(s) in the district, including the length of time for and the amount of any such dedication.

Proposed law provides that if the commissioner of administration obtains approval of the Joint Legislative Committee on the Budget, no other approval with respect to the cooperative endeavor agreement is needed, except the approval of the State Bond Commission is required only to the extent that the state sales tax increments make up all or any portion of the revenue source pledged to the payment of bonds of the district.

Effective upon signature of governor or lapse of time for gubernatorial action.

(Amends R.S. 33:130.842(A); Adds R.S. 33:130.845(10))

#### Summary of Amendments Adopted by House

Committee Amendments Proposed by House Committee on Municipal, Parochial and Cultural Affairs to the original bill.

1. Clarifies that La. sales tax increments, rather than sales taxes, may be dedicated to the district.
2. Adds provision that prohibits state sales tax increments from exceeding the aggregate portion of the local sales tax increments dedicated for district purposes.
3. Relative to the submittal of the local economic development project to the Joint Legislative Committee on the Budget for approval, additionally requires that the submittal include a written evaluation and determination by the division of administration. Provides relative to the contents of the submittal.

#### House Floor Amendments to the engrossed bill.

1. Changes the district's boundaries.
2. Clarifies that the maximum La. sales tax increments dedicated for district purposes is the local sales tax increments dedicated for district purposes.
3. Relative to the submission of a cooperative endeavor agreement to the Joint Legislative Committee on the Budget (JLCB) for approval, requires that the commissioner of administration submit the agreement, rather than the district.

4. Relative to the written evaluation by the division of administration, requires that it include the anticipated increase in the state sales tax revenues to be collected over the amount collected in the year immediately prior to the year the district was created, rather than the year immediately prior to the year the project is submitted to the JLCB. Additionally requires the evaluation to include the anticipated state sales tax revenues to be collected that would be a direct result of the activities taking place within the district, rather than those that would be a direct result of the project.