LEGISLATIVE FISCAL OFFICE
Fiscal Note

Fiscal Note On: **HB 335** HLS 12RS 621
Bill Text Version: **ENGROSSED**
Opp. Chamb. Action:
Proposed Amd.:
Sub. Bill For.:

Date: May 21, 2012 7:10 AM **Author:** LORUSSO
Dept./Agy.: Revenue
Subject: New Orleans City Park Taxing District - TIF **Analyst:** Greg Albrecht

DISTRICTS/SPECIAL EG DECREASE GF RV See Note

Relative to the New Orleans City Park Taxing District, provides with respect to procedures relative to use of state sales tax increments for tax increment financing

Current law creates the New Orleans City Park Taxing District with the authority to implement sales tax increment financing for the development of the district, including a process to dedicate state sales taxes within the district to service revenue bonds that fund projects in the district. State tax increments can not exceed the local tax increment. The state department of Economic Development must submit the project to the Joint Budget Committee (JLCB) for approval with a determination of the tax increments associated with the project.
Proposed law provides that the commissioner of administration submit the project to the JLCB for approval, and that the division of administration and the state Department of Revenue determine the state tax increments associated with the project.
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	$0	$0	$0	$0	$0	**$0**
Annual Total	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**

REVENUES	**2012-13**	**2013-14**	**2014-15**	**2015-16**	**2016-17**	**5 -YEAR TOTAL**
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	$0	$0	$0	$0	$0	**$0**
Annual Total						

EXPENDITURE EXPLANATION

There is no anticipated direct material effect on governmental expenditures as a result of this measure. The Department of Revenue has a protocol for identifying tax remitters in the particular TIF districts around the state and rebating back the appropriate amounts of tax to the districts, and will apply that process to this new district. Additional costs associated with any particular district are likely relatively minor, although incremental funding may be necessary as the number of TIF districts increases (8 currently operating with state tax increments).

REVENUE EXPLANATION

The bill contemplates state participation in particular local economic development projects utilizing tax increment financing. This participation would essentially dedicate state sales tax receipts to the purposes of the District. Current law defines the area of the district as New Orleans City Park and encompasses existing activities in the park generating sales tax receipts. According to the District, a 2.5% City levy is currently dedicated to the District for TIF purposes. The local receipts increment for the District was some $187,000 in FY11, and this represents the state tax increment, as well, assuming maximum state participation (a tax rate no greater than local participation). Growth in the existing tax-generating activities would add dollar increments to the dedication each year, but these amounts would be relatively minor; accumulating a few thousand dollars each year. As certain planned amenities are added over the next few years (mini-golf, water-park, golf course) taxable sales in the District would step-up as amenities come on line and growth would occur from those stepped-up levels, increasing both the local and state annual sales tax dedication amounts.

New Orleans City Park provided some estimates of the effects of the planned amenities from feasibility studies, with state sales tax increments ranging from nearly $188,500 in the first year (FY13) to as much as $287,200 in the fifth year (FY17), if all amenities come on line and are as successful as planned. Local tax increments would be the same amounts, as well. In addition to these amounts associated with the new amenities would be added the growth from the existing park activities discussed above. Whatever dollar amounts of state sales tax increments do occur will be dedications from the state general fund to the special purposes of the District. While specific dollar amounts of annually dedicated state revenue are somewhat speculative, the existing collections levels establishes a state tax increment in excess of $100,000 per year.

Senate / Dual Referral Rules / House

[x] 13.5.1 >= $100,000 Annual Fiscal Cost {S&H}
[ ] 13.5.2 >= $500,000 Annual Tax or Fee Change {S&H}
[ ] 6.8(F)1 >= $500,000 Annual Fiscal Cost {S}
[ ] 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