

(KEYWORD, SUMMARY, AND DIGEST as amended by Senate committee amendments)

TAX/LEASE. Authorizes East Baton Rouge Parish to create an automobile rental tax district.

DIGEST

Present law (R.S. 47:551) levies, for the period from Aug. 1, 1990, through June 30, 2012, a state tax of 2-½% and a local tax of ½ of 1% of the gross proceeds derived from the lease or rental of an automobile pursuant to an automobile rental contract, less any sales and use tax included in such contract.

Present law excludes the following transactions from any tax that may be imposed:

- (1) Automobiles rented by an insurance company as a replacement vehicle for a policyholder.
- (2) Automobiles rented by an automobile dealer as a replacement vehicle while a customer's vehicle is being repaired.
- (3) An automobile rental by an individual or business who rents a vehicle as a replacement vehicle while his vehicle is being repaired if the individual presents to the renter upon return of the rented vehicle a copy of the repair or service invoice.

Present law defines "automobile rental contract" to mean an agreement for the rental of an automobile without a driver, designated to carry less than nine passengers, for a rental period of not more than 29 calendar days. Provides that rental agreements in excess of 29 days shall not be subject to the tax, unless the actual period of the rental agreement is less than 29 days as a result of the exercise of a cancellation clause.

Present law provides that tax is payable to the secretary of the Dept. of Revenue. Requires that the tax be collected and enforced pursuant to the provisions of present law (Chapter 2 of Subtitle II of Title 47 of the La. Revised Statutes of 1950) insofar as the provisions are not in conflict with present law (R.S. 47:551).

Present law requires that the local tax be remitted to the secretary of the Dept. of Revenue who collects the tax as an agent of local government. Authorizes the secretary to assess a collection fee, not to exceed ½ of 1% of the proceeds of the tax, as reimbursement for the actual cost of collection.

Present law requires the secretary to distribute monthly the proceeds of the tax to the central local sales and use tax collector or, if none, the parish governing authority. Requires the central local sales and use tax collector or governing authority to distribute at no charge the tax proceeds received from the secretary to each political subdivision in the parish which levies a sales and use tax. Provides that the distribution shall be in accordance with each political subdivision's pro rata share of local sales and use tax receipts collected to the total of all such taxes collected within the parish. Provides specifically for the distribution of proceeds in the parishes of Jefferson and Orleans.

Proposed law retains present law and additionally authorizes the governing authority of East Baton Rouge Parish to create, by ordinance, an automobile rental tax district as a political subdivision of the state. Provides that the boundaries of the district shall be coterminous with the boundaries of the parish. Provides that the parish governing authority shall be the governing authority of the district.

Proposed law authorizes the district, subject to voter approval, to levy an automobile rental tax, not to exceed 3% of the gross proceeds derived from the lease or rental of an automobile

pursuant to an automobile rental contract, less any sales and use tax included in such contract. Requires that the election on the question of the levy of the tax be held at the same time as a regularly scheduled election in East Baton Rouge Parish.

Proposed law excludes the same transactions as present law (R.S. 47:551) from any tax that may be imposed. Defines "automobile rental contract" to mean the same as defined in present law (R.S. 47:551). Provides that rental agreements in excess of 29 days shall not be subject to the tax, unless the actual period of the rental agreement is less than 29 days as a result of the exercise of a cancellation clause.

Proposed law requires that the avails of the tax in East Baton Rouge Parish be distributed as follows:

- (1) 60% to the Arts Council of Greater Baton Rouge for its operations and programs.
- (2) 23% to the Shaw Center for the Arts.
- (3) 17% to the general fund of the city of Baton Rouge/parish of East Baton Rouge.

Proposed law requires the parish governing authority to prescribe in the ordinance creating the district any other purposes of the district.

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

(Adds R.S. 47:551.1)

Summary of Amendments Adopted by House

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

1. Relative to the creation of an automobile rental tax district, specifies that the governing authority of East Baton Rouge Parish is authorized to create a district by ordinance. Specifies that a district is a political subdivision of the state.
2. Requires voter approval prior to the levy of a tax by a district and provides relative to the time for holding a tax election.

Summary of Amendments Adopted by Senate

Committee Amendments Proposed by Senate Committee on Revenue and Fiscal Affairs to the engrossed bill

1. Changes the distribution percentage from 30% to 60% to the Arts Council of Greater Baton Rouge for operations and programs from tax avails in East Baton Rouge Parish and deletes the 30% distribution specifically for grants.