

LEGISLATIVE FISCAL OFFICE
Fiscal Note



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

Date: June 3, 2012 5:11 PM	Author: BARROW
Dept./Agy.: Local Governments / Revenue	Analyst: Greg Albrecht
Subject: Parish Auto Rental Tax District - East Baton Rouge	

TAX/LEASE EGF +\$750,000 LF RV See Note Page 1 of 1
 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, the East Baton Rouge Parish Sheriff's Office and District Attorney's Office. 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					
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	<u>\$750,000</u>	<u>\$750,000</u>	<u>\$750,000</u>	<u>\$750,000</u>	<u>\$750,000</u>	\$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.

<p><u>Senate</u></p> <p><input type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H}</p> <p><input checked="" type="checkbox"/> 13.5.2 >= \$500,000 Annual Tax or Fee Change {S&H}</p>	<p><u>Dual Referral Rules</u></p>	<p><u>House</u></p> <p><input type="checkbox"/> 6.8(F)1 >= \$500,000 Annual Fiscal Cost {S}</p> <p><input type="checkbox"/> 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}</p>
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H. Gordon Monk
Legislative Fiscal Officer