

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **SB 218** SLS 15RS 538

Bill Text Version: **ENGROSSED**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

Date: May 9, 2015	2:14 PM	Author: MURRAY
Dept./Agy.: Economic Development		Analyst: Charley Rome
Subject: Program to Attract Major Events		

TAX/TAXATION

EG +\$165,000 GF RV See Note

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Establishes a program to attract major events to the state and dedicates funds therefor. (7/1/15)

Proposed law establishes the Major Events Incentive Program Fund authorizing the secretary of the Louisiana Department of Economic Development (LED) to enter into a contract with a local organizing committee, endorsing parish, or endorsing municipality that is a party to the event supporting contract to recruit, solicit, or acquire for Louisiana major specified events that have a significant positive economic development impact on the state. The contract shall provide for financial commitment to the local organizing committee, endorsing parish, or endorsing municipality which shall be paid with funds dedicated for such purposes. Proposed law creates a fund in the treasury for deposit of the incremental increase in state taxes generated by the occurrence of the qualified event. Proposed law authorizes the LED secretary to determine the amount of the incentive to be paid pursuant to the contract and subject to legislative appropriation and approval of the Joint Legislative Committee on the Budget, based upon the amount of incremental increase in tax receipts within the designated area attributable to the qualified event during a specified period. **(Bill Summary Continued on Page Two)**

EXPENDITURES	2015-16	2016-17	2017-18	2018-19	2019-20	5 -YEAR TOTAL
State Gen. Fd.	\$165,000	\$165,000	\$165,000	\$165,000	\$165,000	\$825,000
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	\$165,000	\$165,000	\$165,000	\$165,000	\$165,000	\$825,000

REVENUES	2015-16	2016-17	2017-18	2018-19	2019-20	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

State general fund expenditures will increase by an estimated \$165,000 per year in FY16 and thereafter to fund salaries and related benefits for two staff positions at the Louisiana Department of Economic Development (LED). These two LED staff will perform the following duties relative to the proposed legislation: 1). Evaluation of requests. 2). Certification of incentives grants based upon analyses of the incremental increases in tax revenues due to the events. 3). Determination of amounts and timing of distribution of funds. 4). Education and outreach to regional economic development organizations (REDOs) and the various convention and tourism bureaus statewide for prospective statewide events.

The proposed legislation also creates a new statutorily dedicated fund (Major Events Incentive Program Fund) to be supervised by the Department of Treasury. Creating a new statutory dedication within the state treasury will result in a marginal additional workload for the agency, which can be absorbed with existing resources. However, to the extent other legislative instruments create new statutory dedications, there may be material additional costs associated with the aggregate effort to administer these funds.

REVENUE EXPLANATION

The proposed legislation will decrease state general fund revenues and increase statutorily dedicated funds from the Major Events Incentive Program Fund created by the bill. The bill requires the Treasurer to deposit tax receipts associated with targeted events into the special fund created by this bill, not to exceed 70% of the associated receipts. While any particular event examined in isolation can show tax receipts associated with the event, the effects of these events on overall statewide tax receipts are difficult to discern and not identifiable, and are part of the historical baseline of receipts already incorporated into revenue forecasts. Thus, allocating specific dollar amounts associated with an event to a specific fund is a dedication of baseline receipts as depicted in the table above.

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|--|----------------------------|-------|--|
| Senate | <u>Dual Referral Rules</u> | House | <input checked="" type="checkbox"/> 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S} |
| <input checked="" type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H} | | | <input type="checkbox"/> 6.8(F)(2) >= \$500,000 Rev. Red. to State {H & S} |
| <input type="checkbox"/> 13.5.2 >= \$500,000 Annual Tax or Fee Change {S&H} | | | <input type="checkbox"/> 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S} |


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CONTINUED EXPLANATION from page one:
(Bill Summary Continued from Page One)

The bill provides that the amount of the incremental increase shall be based upon state excise taxes and state sales and use taxes, excluding state hotel and motel occupancy taxes and does not include any local taxes. Such rebate shall not exceed 70% of the incremental increase. Proposed law requires the treasurer to make the incentive payment from the fund as certified by the LED secretary. Proposed law defines the following, and others, as qualified events: (1) The NFL Super Bowl. (2) The NCAA Final Four. (3) The NBA All-Star Game. (4) The X Games. (5) An NCAA Division I Football Bowl Subdivision postseason playoff or championship game. (6) The World Games. (7) A national collegiate championship of an amateur sport recognized by the United States Olympic Committee (USOC). (8) An Olympic activity, including a Junior or Senior activity, training program, or feeder program sanctioned by the USOC. (9) A mixed martial arts championship. (10) The Breeders' Cup World Championships. (11) A Bass Masters Classic. (12) A National Motorsports race. (13) The Red Bull Series. (14) A NCAA College Football Kickoff Game. (15) A national political convention of the Republican National Committee or the Democratic National Committee. Further requires that the site selection organization selects the site as the sole site event and that the event is not held more than once a year. Effective July 1, 2015.

Senate Dual Referral Rules House 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}

13.5.1 >= \$100,000 Annual Fiscal Cost {S&H} 6.8(F)(2) >= \$500,000 Rev. Red. to State {H & 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}

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