



OFFICE OF LEGISLATIVE AUDITOR
Fiscal Note

Fiscal Note On: HB 420 HLS 19RS 349
Bill Text Version: ORIGINAL
Opp. Chamb. Action:
Proposed Amd.:
Sub. Bill For.:

Date: April 5, 2019 4:27 PM Author: LEGER
Dept./Agy.: City of New Orleans Analyst: Barbara Lively
Subject: Occupancy Tax

TAX/HOTEL OCCUPANCY OR +\$7,100,000 LF RV See Note Page 1 of 1
Authorizes the governing authority of the city of New Orleans to levy an additional hotel occupancy tax

Purpose of Bill: This measure authorizes the City of New Orleans, subject to voter approval, to levy a hotel occupancy tax not to exceed .55% of the rent or fee charged for occupancy. This measure further provides that the City establish a special fund called the Infrastructure Maintenance Fund for the deposit of the taxes, minus the collection costs. Monies in the fund shall be allocated and used according to the recommendations of the governing authority to enhance infrastructure and to supplement and enhance services routinely provided by the City and its agencies. An annual report of the fund's activities should be submitted to the governing authority of the City and the Legislature, starting on October 1, 2020.

Table with 7 columns: EXPENDITURES/REVENUES, 2019-20, 2020-21, 2021-22, 2022-23, 2023-24, 5-YEAR TOTAL. Rows include State Gen. Fd., Agy. Self-Gen., Ded./Other, Federal Funds, Local Funds, and Annual Total for both categories.

EXPENDITURE EXPLANATION

This bill may increase local fund expenditures by an indeterminable amount.

An official with the City of New Orleans stated that collection costs of the tax through the City will be negligible, including the updating of forms and education of taxpayers about the new tax and the provision of enforcement services.

An official with the Louisiana Secretary of State's Office indicated that the total election cost to the City could vary depending on when the election is held. Based on the recent costs of elections in the parish, the total cost for the election would be approximately \$460,000 if held in the fall of 2019 or \$380,000 if held in the following spring. If the election is held on a statewide election date, the City would be responsible for paying no more than 25% of the total cost (\$460,000 x .25 = \$115,000). If held in the spring, the City may have to pay for the entire cost of \$380,000.

REVENUE EXPLANATION

This bill may increase local fund revenue by approximately \$7,100,000 per year.

An official with the City of New Orleans indicated that based on a projection of hotel sales at \$1.3 billion (including short term rentals), a tax of .55% would result in annual revenue of approximately \$7,100,000 dedicated for the Infrastructure Fund. This official indicated that there is no target election date for the tax, but assuming that the tax goes into effect halfway through fiscal year 2020, the tax would generate \$3,500,000 in fiscal year 2020.

Senate Dual Referral Rules
[] 13.5.1 >= \$100,000 Annual Fiscal Cost {S & H}
[X] 13.5.2 >= \$500,000 Annual Tax or Fee Change {S & H}

House
[] 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}
[] 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

Signature of Michael G. Battle
Michael G. Battle
Manager, Advisory Services