

Amendment No. 1 to HB0627

Crawford
Signature of Sponsor

AMEND Senate Bill No. 629

House Bill No. 627*

by deleting all language after the enacting clause and substituting:

SECTION 1. Tennessee Code Annotated, Section 67-4-1401(11), is amended by deleting the subdivision and substituting:

(11) "Tourism development" means the creation or expansion of physical attractions, facilities, or events that are available and open to the public, improving the appeal of destinations to tourists, and enhancing tourist experiences that are primarily promoted to or used by tourists;

SECTION 2. Tennessee Code Annotated, Section 67-4-1401, is amended by adding the following new subdivisions:

() "Tourism promotion" means planning, conducting, or participating in programs of information, publicity, and advertising that are designed to attract tourists and foster economic activity through tourism;

() "Tourist" means an individual who travels more than fifty (50) miles to a destination for business or leisure;

SECTION 3. Tennessee Code Annotated, Section 67-4-1403, is amended by deleting the section and substituting:

(a) Except as otherwise provided in subsection (b):

(1) The revenue received by a municipality from the tax must be designated and used for tourism promotion and tourism development, including debt service and contractual obligations incurred in furtherance of such purposes; and

(2) Tourism development investments authorized under this part must not be used to fund general government expenditures or activity unless designated and approved through a memorandum of understanding between a municipality's governing body and the designated destination marketing entity.

(b) Subject to § 67-4-1414, a municipality levying a tax upon the privilege of occupancy before May 1, 2025, may continue to use the revenue in the manner prescribed in the private act, resolution, or ordinance levying the tax.

(c)

(1) Not later than ninety (90) days after the end of a municipality's fiscal year, each municipality that levies a tax upon the privilege of occupancy, whether pursuant to this part or by private act, ordinance, or resolution, shall provide an annual written report to the commissioner of the department of tourist development.

(2) The annual written report must detail the amount of revenue spent by the municipality, and its subordinate contractors, and how those expenditures have been designated and used for tourism promotion and tourism development pursuant to this part.

(d) If an audit by the comptroller of the treasury or by contractors employed by a municipality with the approval of the comptroller, finds that a municipality has spent funds derived from a tax levied pursuant to this part for purposes not related to tourism promotion and tourism development as required by subsection (a), the municipality shall, using general funds, appropriate an amount equal to the amount spent improperly to be used to support tourism promotion and tourism development for the next subsequent fiscal year.

SECTION 4. Tennessee Code Annotated, Section 67-4-1413, is amended by deleting the section and substituting:

Notwithstanding § 67-4-1414 or another law to the contrary:

(1) Except as provided in subdivision (2), on or after July 1, 2025, tax levied upon the privilege of occupancy of a short-term rental unit secured through a short-term rental unit marketplace, pursuant to any private act, must be collected and remitted in accordance with title 67, chapter 4, part 15; and

(2) A municipality may adopt an ordinance or resolution requiring funds received from the department of revenue under § 67-4-1506 that were collected from the tax levied upon the privilege of occupancy of a short-term rental unit secured through a short-term rental unit marketplace to be used in accordance with § 67-4-1403(a).

SECTION 5. Tennessee Code Annotated, Section 67-4-1402(a), is amended by deleting subdivisions (2) and (3) and substituting:

(2) Except as otherwise provided in subdivision (a)(3), the tax levied by a municipality upon the privilege of occupancy in a hotel must not exceed four percent (4%) of the consideration charged to a transient by the hotel operator; provided, that, on or after the effective date of this act, a municipality shall not increase the tax in an amount such that the cumulative tax in an incorporated area of a county exceeds eight percent (8%).

(3) Subject to § 67-4-1414, a tax upon the privilege of occupancy in a hotel levied or authorized before May 1, 2025, by a municipality that exceeds the tax limit established in subdivision (a)(2) remains in full force and effect.

SECTION 6. This act takes effect upon becoming a law, the public welfare requiring it.