

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

HB 2718 – SB 2750

April 11, 2018

SUMMARY OF ORIGINAL BILL: Authorizes the City of Crossville to levy a hotel occupancy tax, not to exceed three percent of the consideration charged by the operator, subject to the adoption of an ordinance by a two-thirds vote of its governing body. Requires that all proceeds from such tax be used solely to promote tourism and economic development in the City of Crossville.

FISCAL IMPACT OF ORIGINAL BILL:

Increase Local Revenue - \$276,700/Permissive/City of Crossville

SUMMARY OF AMENDMENT (017135): Deletes and replaces language in the bill to establish that the City of Crossville is authorized to levy a hotel occupancy tax, not to exceed two percent of the consideration charged by the operator, rather than three percent.

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

Increase Local Revenue - \$184,500/Permissive/City of Crossville

Assumptions for the bill as amended:

- According to the Department of Health, there are 12 hotels in the City of Crossville, with a total of 468 rooms.
- According to the Nashville Convention and Visitors Bureau, the 2016 hotel occupancy rate in Davidson County was 75.0 percent. According to the PricewaterhouseCoopers LLP, the national hotel occupancy rate for 2016 was 65.4 percent, and is estimated to have been 65.6 percent in 2017. The national hotel occupancy rate is estimated to be 65.5 percent in 2018.
- Estimate assumes the occupancy rate in the City of Crossville is 60.0 percent.
- There will be approximately 102,492 nightly rentals each year in Crossville (468 rooms x 365 days x 60.0% occupancy rate).
- The average hotel room rate in Crossville is estimated to be \$90 per night.
- The City of Crossville will impose a two percent hotel occupancy tax upon passage of this legislation.

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- The permissive recurring increase in local government revenue to the City of Crossville is estimated to be \$184,486 (102,492 nightly rentals x \$90 per night x 2.0% occupancy tax rate).

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in blue ink that reads "Krista M. Lee". The signature is written in a cursive, flowing style.

Krista M. Lee, Executive Director

/jdb