



SB 1030 - HB 1515

April 9, 2021

SUMMARY OF ORIGINAL BILL: Requires local governments to report to the General Assembly the number of business licenses issued to hotels, motels, and other places of accommodations for transients in 2021 no later than February 1, 2022.

FISCAL IMPACT OF ORIGINAL BILL:

NOT SIGNIFICANT

SUMMARY OF AMENDMENT (005925): Deletes all language after the enacting clause. Makes various changes to how local governments establish, levy, and utilize proceeds from hotel occupancy taxes.

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

Other Fiscal Impact – The extent and timing of any recurring, permissive increase in local government revenue cannot reasonably be determined due to unknown factors.

Assumptions for the bill as amended:

- The proposed language:
 - Applies to all cities and counties, with the exception of counties with a metropolitan form of government;
 - Authorizes hotel occupancy taxes to be levied, modified, and repealed by passage of an ordinance or resolution;
 - Removes the ability to initiate such tax by referendum;
 - Prohibits any tax initiated after the effective date of this act from exceeding four percent the consideration charged by a transient by the hotel operator;
 - Removes current jurisdictional restrictions on how such taxes are levied by certain local governments;
 - Requires revenues derived from taxes initiated after the effective date of this act to be utilized for tourism and tourism development; and
 - Prohibits local governments with a preexisting tax from changing the use of the revenues for which the tax was imposed, unless to use the revenues for tourism or tourism development.

- The proposed language does not void or modify any private act, ordinance, or resolution levying or authorizing the levy of a hotel occupancy tax which is in place on or before the effective date of this act; however, the proposed language will be applicable to future resolutions establishing the levy of such tax.
- The majority of local governments current levy a hotel occupancy tax.
- Pursuant to Tenn. Code Ann. § 67-4-1425, with the exception of specific localities, any private act which authorized a city or county to levy a hotel occupancy tax enacted after May 12, 1988 had to adhere to the following limitations:
 - Cities can only levy a hotel occupancy tax on hotels located within its municipal boundaries;
 - Cities are prohibited from levying a hotel occupancy tax if the county had levied the tax prior to the adoption of the tax by the city; and
 - Counties are authorized to levy a hotel occupancy tax only on hotels located in the unincorporated portions of the county.
- The proposed language would remove such limitations and may result in a permissive recurring increase in local government revenue for local governments who will no longer be limited by current statutory provisions on the assessment of hotel occupancy taxes.
- Requiring future increases in hotel occupancy taxes to be allocated specifically for such uses will not result in any significant fiscal impact to local government.

CERTIFICATION:

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



Krista Lee Carsner, Executive Director

/jh