

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

HB 2185 – SB 2200

March 21, 2018

**SUMMARY OF ORIGINAL BILL:** Establishes, for any municipality authorized by private act or under general law of this state to levy by ordinance a tax on the privilege of occupancy in a hotel, when the existing rate of such tax on the effective date of this act is less than the maximum amount that the municipality may levy under such private act or general law, that any increase in such tax by ordinance on and after the effective date of this act is expended on the promotion of tourism or tourism development.

FISCAL IMPACT OF ORIGINAL BILL:

NOT SIGNIFICANT

**SUMMARY OF AMENDMENT (014957):** Deletes and replaces language in the bill such that the only substantive change expands the definition of “tourism development” to include the retirement of debt in any tourist development zone.

**FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:**

**Unchanged from the original fiscal note.**

Assumptions for the bill as amended:

- Pursuant to Tenn. Code Ann. § 67-4-1402(a)(1), each municipality in this state is authorized by ordinance to levy a tax upon the privilege of occupancy in any hotel of each transient in an amount not to exceed five percent of the consideration charged by the operator.
- This legislation does not require any municipality to increase the tax rate on the hotel occupancy; however, should any municipality do so, any increased revenue collected as a result must be spent on tourism or tourism development.
- This legislation may result in municipalities being prohibited from funding certain projects which would have otherwise been funded by the tax collections resulting from an increase in the occupancy tax rate; however, this legislation will only impact how such additional revenue may be utilized, not how much may be collected.
- Any impact upon municipal governments will not be significant.

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**CERTIFICATION:**

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



Krista M. Lee, Executive Director

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