

FISCAL NOTE

SB 366 - HB 621

February 23, 1999

SUMMARY OF BILL: Amends TCA 67-6-330(a)(19) relative to amusement tax exemptions for certain health fitness enterprises. Under existing law, an exemption is allowed on dues, membership application fees, admission fees, contributions or rental charges for equipment paid to any corporation or enterprise which offers on a regular, full-time basis services or facilities for the development or preservation of physical fitness through exercise or athletics if the following requirements are met: 1) the facility must have at least one full time-employee certified in administering health assessments, or at least one full-time employee licensed by the state that represents a medical and or paramedical discipline; 2) be open at least 70 hours per week; 3) permit participation by each member each day in operation; and 4) have at least 15,000 square feet of space in use for physical fitness purposes. This bill would remove the requirement that the facility have at least 15,000 square feet of space in use for physical fitness purposes. Thus, only the first three requirements listed above would need to be met for a corporation or health fitness enterprise to qualify for the amusement tax exemption.

ESTIMATED FISCAL IMPACT:

Decrease State Revenues- Exceeds \$100,000

Decrease Local Govt. Revenues - Exceeds \$ 37,000

There is no data available to show the total number of fitness enterprises that have less than 15,000 square feet of physical fitness space in use and meet the additional three requirements in order to qualify for the exemption. Based on information provided by the Department of Revenue, the estimated annual sales tax loss would be approximately \$2,400 per fitness center. The decrease in state revenue is estimated to be approximately \$1,750 per fitness center and the decrease in local government revenue is estimated to be approximately \$650 per fitness center. If only 58 fitness centers qualify for the exemption proposed by this bill, it is estimated that the total decrease in state revenues would exceed \$100,000 and the total decrease in local government revenues would exceed \$37,000.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James A. Davenport, Executive Director

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