

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



**CORRECTED
FISCAL MEMORANDUM**

SB 1082 – HB 1347

May 26, 2009

SUMMARY OF AMENDMENTS (006153, 006918): Amendment 006153 deletes the section of the original bill that authorized local governments to levy and collect a direct annual tax to pay for certain aspects of convention center construction. This section is replaced with language prohibiting municipal revenue derived from ad valorem taxes to be utilized for convention center expenditures. Adds a new section to the bill that would authorize the use of up to one third of the one percent hotel privilege tax currently earmarked for the promotion of tourism for the purpose of funding a convention center. Amendment 006918 requires competitive proposals for an annual management contract for the operation of a qualified facility. Requires tax-exempt bonds issued by the authority to conform to federal compliance guidelines.

FISCAL IMPACT OF ORIGINAL BILL:

Increase State Expenditures – Not Significant

Increase Local Revenue – Exceeds \$1,000,000/Permissive

Increase Local Expenditures – Exceeds \$1,000,000/Permissive

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENTS:

On May 1, 2009, we issued a fiscal memorandum on this bill as amended indicating a *not significant increase in state expenditures and an other fiscal impact stating that Tenn. Code Ann. § 7-4-110(b)(1) currently earmarks one third of the one percent hotel privilege tax for the direct promotion of tourism. According to the language of this amendment, funding a convention center would be an additional authorized use of this revenue. This would result in a shift of local government expenditures from the direct promotion of tourism to the funding of a convention center. The magnitude of such shift would be dependent upon local government decisions but can reasonably be expected to exceed \$1,000,000. Based upon additional review of the bill as amended, because local governments are provided with the authority to issue bonds, the fiscal impact for the bill as amended is estimated as follows:*

SB 1082 – HB 1347 (CORRECTED)

(CORRECTED)

Increase State Expenditures – Not Significant

Increase Local Revenue – Exceeds \$1,000,000/Permissive

Increase Local Expenditures – Exceeds \$1,000,000/Permissive

Other Fiscal Impact – Tenn. Code Ann. § 7-4-110(b)(1) currently earmarks one third of the one percent hotel privilege tax for direct promotion of tourism. According to the language of this amendment, funding a convention center would be an additional authorized use of this revenue. This would result in a shift of local government expenditures from the direct promotion of tourism to the funding of a convention center. The magnitude of such shift would be dependent upon local government decisions but can reasonably be expected to exceed \$1,000,000.

Assumptions applied to amendments:

- Any increase in state expenditures for the Secretary of State and the Comptroller to provide oversight for certain functions, as required by the bill, is estimated to be not significant.
- A permissive increase in local government revenues and expenditures due to the authorization to issue bonds.

CERTIFICATION:

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



James W. White, Executive Director

/cce