

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

SB 929 – HB 1092

April 14, 2015

SUMMARY OF ORIGINAL BILL: Authorizes Grundy County to levy a hotel occupancy tax, not to exceed five percent of the consideration charged by the operator, subject to the adoption of a resolution by a two-thirds vote of the governing body.

FISCAL IMPACT OF ORIGINAL BILL:

Increase Local Revenue – Exceeds \$10,400/Permissive

SUMMARY OF AMENDMENT (006477): Requires all proceeds from the tax to be dedicated solely for tourism development.

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

Unchanged from the original fiscal note.

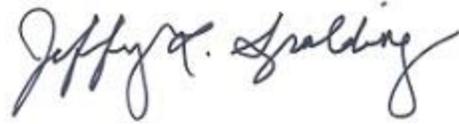
Assumptions for the bill as amended:

- The Department of Health reports there are five hotels in Grundy County, with a total of 205 rooms. However, all of those hotels are located within the city limits of Monteagle, and the city currently imposes a hotel occupancy tax of five percent.
- As a result, Grundy County will be authorized to levy the tax pursuant to this bill only on lodging establishments within its boundaries but outside of the boundaries of Monteagle.
- Mayor of Grundy County informs that revenue from the hotel occupancy tax largely depends on the development of an off-highway vehicle park, two recreational vehicle parks, and a cabin development. Due to many unknowns regarding these developments, the precise fiscal impact cannot be determined with reasonable certainty.
- However, assuming that there will be at least one lodging establishment with a minimum of 12 rooms, with a 60 percent occupancy rate, and a nightly room rate of \$79, and that Grundy County will elect to impose a five percent tax upon passage of this bill, the permissive recurring increase in local revenue is conservatively estimated to exceed \$10,381 (12 rooms x 365 x 60.0% x \$79 x 5.0%).

CERTIFICATION:

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

SB 929 – HB 1092



Jeffrey L. Spalding, Executive Director

/bos