

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

SB 1450 – HB 1465

February 17, 2016

SUMMARY OF ORIGINAL BILL: Authorizes tax collectors of cities, towns, counties, and metropolitan forms of government to publish notices listing the names of hotel operators who have failed to collect or remit hotel occupancy taxes. Requires notice to be published before local governments may attempt to collect delinquent hotel occupancy taxes. Sets forth requirements for publishing such notice; requires local entities that elect to publish such notice to pay the publication costs; and states that local hotel tax records are not considered confidential records. Authorizes local legislative bodies to modify existing local statutes that are in conflict with the provisions of this bill.

FISCAL IMPACT OF ORIGINAL BILL:

Increase Local Revenue - Exceeds \$5,000/Permissive
Increase Local Expenditures - Exceeds \$1,100/Permissive

SUMMARY OF AMENDMENT (012426): Deletes and rewrites Section 1, subsection (b) of the bill to authorize tax collectors to publish notice, if the amount of tax due or delinquent exceeds \$10,000 and has been due or delinquent for 120 or more days; or if the amount of tax due or delinquent exceeds \$50,000.

Adds new subsection (f) to prohibit the operator's name and amount of taxes due or delinquent from being listed on any published notice if all or any portion of the tax is part of a suit filed by the operator challenging the collection or assessment of the tax,.

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

Increase Local Revenue - Exceeds \$10,000/Permissive
Increase Local Expenditures - Exceeds \$500/Permissive

Assumptions for the bill as amended:

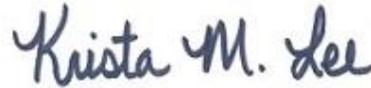
- This bill as amended does not impact state government.
- Any fiscal impact to local government will occur as a result of a permissive action.
- The hotel occupancy tax is a privilege tax administered by counties and municipalities.

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- Based on information from the Tennessee Hospitality and Tourism Association, this bill as amended will not impact tourism in Tennessee.
- It is assumed that operators will pay delinquent hotel occupancy taxes after proper notice has been published.
- The names of operators and the taxes due or delinquent included in a suit challenging the collection or assessment of the taxes will not be published by tax collectors.
- Based on responses to the 2013 Local Government Survey conducted by the Fiscal Review Committee, responding local officials reported an average cost of \$108 for each legal notice that is published.
- The number of local entities that will elect to publish notice each year is unknown; however, it is reasonably estimated that at least 5 local entities will elect to publish notice each year. The permissive and recurring increase in local government expenditures is estimated to exceed \$540 (\$108 x 5).
- The total amount of delinquent tax revenue that will be realized pursuant to local entities electing to publish notice of delinquent taxpayers is unknown; however, it is reasonable to assume that any local revenue subsequently realized will exceed the combined costs of publications. As a result, the permissive increase in delinquent tax collections is reasonably estimated to exceed \$10,000 per year statewide.

CERTIFICATION:

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



Krista M. Lee, Executive Director

/amj