

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



**CORRECTED  
FISCAL MEMORANDUM**

**HB 90 – SB 148**

February 13, 2017

**SUMMARY OF ORIGINAL BILL:** Authorizes the City of Millersville to levy a hotel occupancy tax, not to exceed five percent of the consideration charged by the operator, subject to the adoption of an ordinance by a two-thirds vote of its governing body.

**FISCAL IMPACT OF ORIGINAL BILL:**

Increase Local Revenue – \$24,200/Permissive

**CORRECTED SUMMARY OF AMENDMENT (003723):** Deletes and replaces language of the original bill to establish a hotel occupancy tax limit of two and one-half percent, rather than five percent, of the consideration charged by the operator that the City of Millersville is authorized to levy.

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

On February 13, 2017, a fiscal memorandum was issued estimating a fiscal impact as follows:

*Increase Local Revenue – \$14,500/Permissive*

Due to the incorrect summary of the amendment, this fiscal impact was in error. The summary incorrectly stated that the new hotel occupancy tax limit was three percent and is being corrected to accurately represent the tax limit of two and one-half percent. The estimated impact for the bill as amended is as follows:

**(CORRECTED)**

**Increase Local Revenue – \$12,100/Permissive**

Assumptions for the bill as amended:

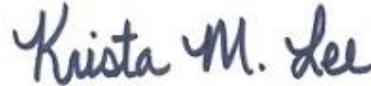
- According to the Department of Health, there are two hotels in the City of Millersville, with a total of 53 rooms.

**HB 90 – SB 148 (CORRECTED)**

- According to the Nashville Convention and Visitors Bureau, the 2015 hotel occupancy rate in Davidson County was 74.0 percent. According to the PricewaterhouseCoopers LLP, the national hotel occupancy rate for 2015 was 65.4 percent, and is estimated to have been 65.4 percent in 2016. The national hotel occupancy rate is further estimated to be 64.9 percent in 2017.
- Estimate assumes the occupancy rate in the City of Millersville is 50.0 percent.
- There will be approximately 9,672 nightly rentals each year in Millersville (53 rooms x 365 days x 50.0% occupancy rate).
- The average hotel room rate in Millersville is estimated to be \$50 per night.
- The City of Millersville will impose a two and one-half percent hotel occupancy tax upon passage of this legislation.
- The permissive recurring increase in local government revenue is estimated to be \$12,090 (9,672 nightly rentals x \$50 per night x 2.5% occupancy tax rate).

**CERTIFICATION:**

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



Krista M. Lee, Executive Director

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