

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

SB 1631 – HB 1704

March 5, 2018

SUMMARY OF ORIGINAL BILL: Prohibits a hotel owner or employee from advertising for rent or renting a room for a period of less than seven consecutive hours in a 24-hour period. Authorizes the Commissioner of the Department of Health (DOH) to assess fines and suspend the hotel's permit for the third and subsequent offenses.

FISCAL IMPACT OF ORIGINAL BILL:

Increase State Expenditures – \$17,200/One-Time
\$277,600/Recurring

IMPACT TO COMMERCE OF ORIGINAL BILL:

Other Commerce Impact – Due to multiple unknown factors, a precise impact to commerce cannot be determined with reasonable certainty

SUMMARY OF AMENDMENT (013828): Deletes all language after the enacting clause. Prohibits any owner, operator, or employee of a hotel to advertise for rent or rent a room for a period of less than six consecutive hours in a period of 24 hours. Further prohibits any owner, operator, or employee of a hotel to offer a discount or rebate for early checkout of a hotel room if early checkout would vacate the room within six hours of checking in. Authorizes a local government that has issued the hotel a business license to revoke the business license for a period not to exceed one year.

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

NOT SIGNIFICANT

Assumptions for the bill as amended:

- Based on information provided by the Department of Health (DOH), the proposed legislation will not have a significant impact on the procedures and processes of the DOH; therefore, any fiscal impact is estimated to be not significant.

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- The proposed legislation will not have a significant fiscal impact on local governments' hotel/motel tax collections.
- Local governments can handle any revocations utilizing existing resources without an increased appropriation or reduced reversion.

IMPACT TO COMMERCE WITH PROPOSED AMENDMENT:

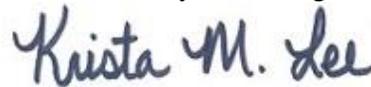
Unchanged from the original fiscal note.

Assumptions for the bill as amended:

- Some hotel owners could experience a decrease in business revenue as a result of the proposed prohibition.
- It is assumed most hotels currently offering rentals for less than seven hours in a 24-hour period will modify their business models accordingly to retain revenue and to retain solvency.
- Due to multiple unknown factors, any impact on business revenue, business expenditures, and jobs in Tennessee cannot be quantified with reasonable certainty.

CERTIFICATION:

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



Krista M. Lee, Executive Director

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