

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

SB 497 - HB 584

February 19, 2019

SUMMARY OF ORIGINAL BILL: Extends the deadline, from December 31, 2022, to June 30, 2024, by which one qualified public use facility, consisting of a hotel with at least 500 hotel rooms and related retail, parking, and commercial uses, must be placed into service as it relates to apportionment of sales and use taxes.

FISCAL IMPACT OF ORIGINAL BILL:

NOT SIGNIFICANT

SUMMARY OF AMENDMENT (004284): Deletes and replaces all language after the enacting clause such that the only substantive change delays the placed in service date, from June 30, 2024 to December 31, 2024.

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

Unchanged from the original fiscal note.

Assumptions for the bill as amended:

- Public Chapter 1058 of the Public Acts of 2018 added language to the *Convention Center and Tourism Development Financing Act of 1998* (the CCTDFA) to establish, subject to the recommendation of the Comptroller of the Treasury and approval by the State Building Commission (SBC) no later than December 31, 2018, that the portion of the incremental increase in local sales and use tax revenue shall be apportioned and distributed for one qualified public use facility placed in service no later December 31, 2022, if such facility consists of a hotel with at least 500 hotel rooms and related retail, parking, and commercial uses.
- On October 11, 2018, the SBC voted to approve the addition of a qualified public use facility, a hotel specifically, to the existing Downtown Memphis Tourism Development Zone (TDZ).
- This legislation will allow for a later date by which the hotel must be placed in service to qualify for the local sales tax allocation that will be earmarked for paying off the project's debt.
- Placing the hotel in service at a later date is estimated to ultimately delay when the reapportionment of local sales tax revenue will commence and ultimately conclude.

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- Any impact on state sales tax revenue is estimated to be not significant; as such revenue would be generated and retained by the state in the absence of this legislation.
- Extension of the deadline will allow the qualified public use facility to continue to be eligible for the allocation of incremental local sales tax collections generated at the hotel and earmarked for paying off the project's debt, as intended by Public Chapter 1058 of the Public Acts of 2018. This could result in the apportionment of local sales tax revenue occurring over a future, but equal, time period; however, any change in the amount of local revenue apportioned for debt retirement relative to this specific project is assumed to be unchanged. As a result, the fiscal impact of this legislation is estimated to be not significant.

CERTIFICATION:

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



Krista Lee Carsner, Executive Director

/jdb