

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

HB 1515 - SB 1523

March 26, 2019

SUMMARY OF ORIGINAL BILL: Authorizes the City of White Pine 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. Requires all proceeds received by the City of White Pine, pursuant to this legislation, be used solely to promote tourism and economic development in the city and for no other purpose.

FISCAL IMPACT OF ORIGINAL BILL:

Increase Local Revenue - \$80,800/Permissive/City of White Pine

SUMMARY OF AMENDMENT (006574): Deletes and replaces all language after the enacting clause such that the only substantive change reduces, from 5 percent to 3.5 percent, the maximum hotel occupancy tax which may be levied by the City of White Pine.

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

Increase Local Revenue - \$56,600/Permissive/City of White Pine

Assumptions for the bill as amended:

- According to the Department of Health, there are two hotels in White Pine with a total of 82 rooms.
- According to the Nashville Convention and Visitors Bureau, the 2017 hotel occupancy rate in Davidson County was 75.0 percent. According to the PricewaterhouseCoopers LLP, the national hotel occupancy rate for 2017 was 65.9 percent, and is estimated to have been 66.2 percent in 2018. The national hotel occupancy rate is estimated to be 66.0 percent in 2019.
- Estimate assumes the occupancy rate in the City of White Pine is 60.0 percent.
- There will be approximately 17,958 nightly rentals each year in White Pine (82 rooms x 365 days x 60.0% occupancy rate).
- The average hotel room rate is estimated to be \$90 per night.
- The City of White Pine will impose a 3.5 percent hotel occupancy tax upon passage of this legislation.

HB 1515 - SB 1523

- The permissive recurring increase in local government revenue is estimated to be \$56,568 (17,958 nightly rentals x \$90 per night x 3.5% occupancy tax rate).

CERTIFICATION:

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

A handwritten signature in black ink that reads "Krista Lee Carsner". The signature is written in a cursive, flowing style.

Krista Lee Carsner, Executive Director

/jdb