

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

HB 782 – SB 853

March 21, 2017

SUMMARY OF ORIGINAL BILL: Authorizes the Town of Kingston Springs 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 – \$87,100/Permissive

SUMMARY OF AMENDMENT (005355): Deletes and replaces language of the original bill such that the authorized maximum hotel occupancy tax is 2.5 percent, instead of 5.0 percent.

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

Increase Local Revenue – \$43,500/Permissive

Assumptions for the bill as amended:

- According to the Department of Health, there are three hotels in the Town of Kingston Springs, with a total of 106 rooms.
- 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 Town of Kingston Springs is 60.0 percent.
- There will be approximately 23,214 nightly rentals each year in Kingston Springs (106 rooms x 365 days x 60.0% occupancy rate).
- The average hotel room rate is estimated to be \$75 per night.
- The Town of Kingston Springs will impose a 2.5 percent hotel occupancy tax upon passage of this legislation.
- The permissive recurring increase in local government revenue is estimated to be \$43,526 (23,214 nightly rentals x \$75 per night x 2.5% occupancy tax rate).

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CERTIFICATION:

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



Krista M. Lee, Executive Director

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