



March 12, 2023

**SUMMARY OF BILL:** Clarifies that the allocation of revenue from the surcharge or tax on the lease or rental of any passenger motor vehicles, trucks, or trailers for periods of 31 days or less, to the NBA Arena Fund for the purposes of paying the costs incurred in modification or construction for an arena facility for a National Basketball Association member professional basketball team must continue until June 30, 2059.

**ESTIMATED FISCAL IMPACT:**

**Other Fiscal Impact – An allocation of \$3,389,600 generated from the Car Rental Tax to the NBA Arena Fund for the Memphis and Shelby County Sports Authority will continue through FY58-59.**

Assumptions:

- Pursuant to Tenn. Code Ann. § 67-4-1907, Shelby County is authorized to levy a two percent tax of the gross proceeds derived from the lease or rental of any passenger motor vehicle, truck, or trailer (Car Rental Tax) for 31 days or less, with all revenues received required to be deposited into the NBA Arena Fund.
- Proceeds from the NBA Arena Fund are required to be used to help retire debt on the bonds issued by Memphis and the Shelby County Sports Authority for construction or modification of the FedEx Forum.
- In FY21-22, revenue generated from the Car Rental Tax that was transferred to Memphis and the Sports Authority for debt service totaled \$3,001,336.
- Fiscal Review Committee staff's current estimates for total sales tax collection growth rates are 8.53 percent in FY22-23 and 4.06 percent in FY23-24, therefore, for the purposes of this fiscal analysis it is assumed that revenue generated from the Car Rental Tax will be \$3,389,598 ( $\$3,001,336 \times 1.0853 \times 1.0406$ ) in FY23-24 and subsequent years.
- Pursuant to Tenn. Code Ann. § 67-4-1907, there is no current scheduled expiration date for the Car Rental Tax.
- The proposed legislation will not impact the total amount of revenue generated from the Car Rental Tax; however, the proposed legislation requires that revenue raised from the Car Rental Tax continue to be allocated to be used to help retire debt on the bonds issued by Memphis and Shelby County Sports Authority through FY58-59.

**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

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