

ORDINANCE NO.: _____

**ORDINANCE TO AMEND TITLE 5, CHAPTER 5-20 OF
THE MEMPHIS MUNICIPAL CODE TO INCREASE
THE EXISTING HOTEL/MOTEL OCCUPANCY TAX TO 3.5%**

WHEREAS, in accordance with applicable state law, Ordinance No. 4824 was previously adopted by the Council of the City of Memphis for the express purpose of establishing a hotel/motel occupancy tax for the City of Memphis; and

WHEREAS, pursuant to Ordinance No. 4824, the City currently imposes a hotel/motel occupancy tax in the amount of one and seven-tenths percent (1.7%) of the consideration charged by the operator against each transient occupying a hotel room within the municipal limits of Memphis; and

WHEREAS, on May 21, 2002, Ordinance No. 4824 was amended by adoption of Ordinance No. 4939 which specified the distribution of all proceeds of the City's hotel/motel occupancy tax and eliminated the sunset provision included in Ordinance No. 4824; and

WHEREAS, pursuant to Section 67-4-1402 of the Tennessee Code Annotated, the City of Memphis is authorized to impose a hotel/motel occupancy tax in an amount up to five percent (5%) of the consideration charged by each hotel operator; and

WHEREAS, the Council believes that it is appropriate and in the best interests of the citizens of Memphis that the existing hotel/motel tax be increased by one and eight-tenths percent (1.8%) to a total of three and one-half percent (3.5%).

NOW THEREFORE,

SECTION 1. BE IT ORDAINED BY THE COUNCIL OF THE CITY OF MEMPHIS, that Part 1, Section 2 of Ordinance No. 4824 codified as Section 5-20-2 of the Memphis Municipal Code is hereby amended to read as follows:

The City levies a privilege tax upon the privilege of occupancy in a hotel of each transient, except as provided below. Such tax shall be in the amount of three and one-half percent (3.5%) of the consideration charged by the operator for such occupancy. Such tax is a privilege tax upon the transient occupying such room and is to be collected as provided in this chapter.

Notwithstanding the foregoing, the City levies a privilege tax upon the privilege of occupancy in a hotel of each transient in a hotel which is in a

Tourism Development Zone and subject to the maximum privilege tax. Such tax shall be in the amount of one and seven-tenths percent (1.7%) of the consideration charged by the operator for such occupancy. Such tax is a privilege tax upon the transient occupying such room and is to be collected as provided in this chapter.

SECTION 2. BE IT FURTHER ORDAINED BY THE COUNCIL OF THE CITY OF MEMPHIS, that Part I, Section 9 of Ordinance No. 4824 as amended and codified as Section 5-20-9 is hereby amended to read as follows:

(a) Through and until June 30, 2016, 1.7% of the tax levied under this article shall be collected by the city and distributed as follows:

1. The revenue from such tax shall first be applied to payment of bonded indebtedness, principal and interest including expenses of the bond sale or sales to fund the construction or renovation of the Cook Convention Center up to the principal amount of Thirteen Million Dollars (\$13,000,000), provided however that in the event that revenues from the Memphis Tourism Development Zone (TDZ) or another City of Memphis revenue source is substituted for the taxes hereunder for payment of the said outstanding bonded indebtedness, then the Hotel/Motel tax amounts designated herein will thereafter be used to fund the New Memphis Arena project or such other projects and purposes as the City Council shall determine.

2. Notwithstanding any of the provisions contained herein to the contrary, any revenues produced from 1.7% of the tax levied under this article over and above that amount which is required for each year's debt service on the outstanding bonded indebtedness incurred by the City for the construction or renovation of the Cook Convention Center, shall be used to provide operating revenue first, for the Wonders International Cultural Series, or its successor organization, in the amount of Four Hundred Thousand Dollars (\$400,000) for the city's fiscal year 2001 and Five Hundred Thousand Dollars (\$500,000) for fiscal years 2002 and 2003, and second for the Coliseum in the amount of Two Hundred Fifty Thousand Dollars (\$250,000) for the city's fiscal years 2002 and 2003.

3. If there are excess revenues remaining after each year's debt service on the outstanding bonded indebtedness incurred by the city for construction or renovation of the Cook Convention Center and after operating funding has been provided for the Wonder's International

Cultural Series, or its successor organization, and The Coliseum, as provided in subsections (a)(1) and (2) of this section, then such excess will be provided to the Memphis Convention and Visitor's Bureau for additional marketing, advertising and promotion of the Memphis and Shelby County hospitality industry.

(b) From July 1, 2016 and thereafter, 1.7% of the tax levied under this article shall be collected by the City and applied to payment of bonded indebtedness, principal and interest, of the bond sale or sales by the Memphis and Shelby County Sports Authority for the purpose of development and construction costs of a new Memphis Sports Arena, built by the New Memphis Arena Public Building Authority, to fund the construction of the NBA arena, until paid in full, and thereafter to such other projects and purposes as the City Council shall determine.

(c) Upon the effective date of this ordinance, 1.8% of the 3.5% tax levied hereunder shall be used for the purpose of funding the following:

1. To make up any deficiencies in the payment of administrative expenses of the Memphis and Shelby County Sports Authority, payments to the Bond Fund, Rebate Fund, or Debt Service Reserve Fund;
2. To reimburse, on a pro rata basis, monies paid by Shelby County or the City of Memphis to replenish the Debt Service Reserve Fund;
3. For deposit to the Capital Improvement Reserve Fund to make capital improvements, administrative costs, to purchase or redeem Bonds, as directed by the Memphis and Shelby County Sports Authority; and
4. Notwithstanding any of the provisions contained herein to the contrary, any revenues produced from this tax over and above that amount which satisfies items (c)1, (c)2, and (c)3 above, an amount equal to the difference between (1) the amount of the revenue received during the fiscal year and (2) the greater of: (a) the amount of original projected Hotel/Motel tax revenue for that period and (b) the amount the 1.7% rate would have provided, shall be applied to the payment of additional bonded indebtedness, principal and interest including expenses of the bond sale or sales to fund additional construction or renovation of the Cook Convention Center up to the principal amount of \$50,000,000.00.

SECTION 3. BE IT FURTHER ORDAINED, that the provisions of this Ordinance are hereby severable. If any of these sections, provisions, sentences, clauses, phrases or parts is held unconstitutional or void, the remainder of this Ordinance shall continue in full force and effect.

SECTION 4. BE IT FURTHER ORDAINED, that all parts of Ordinance Nos. 4824 and 4939, except as amended herein, shall remain in full force and effect.

SECTION 5. BE IT FURTHER ORDAINED, that this Ordinance shall take effect from and after the date it shall have been passed by the City Council, signed by the Chairman of the Council, certified and delivered to the Office of the Mayor in writing by the Comptroller, and become effective as otherwise provided by law.

THE FOREGOING ORDINANCE

_____ PASSED

1st Reading _____

2nd Reading _____

3rd Reading _____

Approved _____

Chairman of Council

Date Signed: _____

Approved: _____

Mayor, City of Memphis

Date Signed: _____

I hereby certify that the foregoing is a true copy, and said document was adopted by the Council of the City of Memphis as above indicated and approved by the Mayor.

Comptroller

Myron Lowery, Chairman
Memphis City Council

ATTEST:

Comptroller