



## Memphis City Council Summary Sheet

- 1. Description of the Item (Resolution, Ordinance, etc.)**  
Amendment to Ordinance 5596 to revise the application of the \$2.00 assesment per room
  
- 2. Initiating Party (e.g. Public Works, at request of City Council, etc.)**  
Finance Division – Original Ordinance initiated by Councilman Ford
  
- 3. State whether this is a change to an existing ordinance or resolution, if applicable.**  
Yes change to Ordinance 5596
  
- 4. State whether this requires a new contract, or amends an existing contract, if applicable.**  
Not/ Applicable
  
- 5. State whether this requires an expenditure of funds/requires a budget amendment.**  
Not / Applicable

ORDINANCE NO.: \_\_\_\_\_

**ORDINANCE TO AMEND ORDINANCE NO. 5596 - TITLE V, CHAPTER'S 20 AND 40  
OF THE MEMPHIS MUNICIPAL CODE TO REVISE THE DEFINITIONS OF  
"HOTEL" AND "TRANSIENT" AND SECTION 5-40-5 Funding**

**WHEREAS**, in accordance with applicable state law, Ordinance No. 5596 (the "Ordinance") was adopted, as revised, by the Council of the City of Memphis (the "City Council") on September 1, 2015 for the express purpose of establishing a "Memphis Tourism Improvement District" for the City of Memphis; and

**WHEREAS**, pursuant to the Ordinance, the City currently imposes on each Hotel (as defined in Ordinance), an assessment in the amount of \$2.00 per paid occupied room night on hotels located in the City, which is occupied by a transient (as defined in the Ordinance), subject to certain limitations; and

**WHEREAS**, on December 1, 2015, pursuant to proper notice and Section 7-32-105 of the Tennessee Code Annotated, a public hearing was held for the discussion of the Ordinance and the hearing of objections, with certain objections being expressed by small hotel owners through its legal counsel; and

**WHEREAS**, by mutual agreement of the stakeholders, and the concurrence of the City Council, it is determined that it is appropriate and in the best interests of the citizens of Memphis that the definition of Hotels in the Ordinance be amended to exclude hotels within the City that have 35 or fewer rooms and a maximum charge of \$35 or less per paid occupied room night, thereby allowing this category of hotels to be exempt from the application of the special assessment imposed by the Ordinance; and

**WHEREAS**, by amendment of the Tennessee General Assembly to Section 67-6-205 (c)(1), effective July 1, 2015, the definition of transient was revised to state in pertinent part, that the tax does not apply to "rooms, lodgings or accommodations supplied to the same person for a period of ninety (90) continuous days or more".

**NOW THEREFORE,**

**SECTION 1. BE IT ORDAINED BY THE COUNCIL OF THE CITY OF MEMPHIS**, that Title V, Chapter's 20 and 40, Ordinance No. 5596, codified as Section 5-20-2 Definitions is hereby amended to read as follows:

*"Hotel"* means any structure or space, or any portion thereof, which is occupied or intended or designed for occupancy by transients for dwelling, lodging or sleeping

purposes, and includes any hotel, inn, tourist camp, tourist court, tourist cabin, motel, or any place in which rooms, lodgings or accommodations are furnished to transients for a consideration. Hotel does not include those hotels that are within a Tourism Surcharge District described in Ordinance No. 5583 existing on July 1, 2015. Further, Hotel does not include those hotels that meet, at all times, both (i) 35 and fewer rooms and (ii) a maximum charge of \$35 or less per paid occupied room night.

*“Transient”* means any natural person who exercises occupancy or is entitled to occupancy for any rooms, lodgings or accommodation in a hotel for a period of less than ninety (90) continuous days.

Section 5-40-5. Funding. Shall be deleted in its entirety and restated as follows:

The District shall impose an assessment of \$2.00 per paid occupied room night on hotels in the City. The following room nights shall not be subject to the assessment:

- A. Those wherein any natural person has maintained occupancy for ninety (90) continuous days. When a natural person has maintained occupancy for ninety (90) continuous days, that natural person shall receive from the operator a refund or credit for the assessment previously collected from or charged to him or her, and the operator shall receive credit for the amount of such assessment as previously paid or reported to the City; and
- B. Those for which the person is not charged, commonly known as complimentary or comp rooms.

The effective date of this Amended Ordinance shall be June 1, 2016.

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THE FOREGOING AMENDED ORDINANCE

# \_\_\_\_\_ PASSED

1<sup>st</sup> Reading \_\_\_\_\_

2<sup>nd</sup> Reading \_\_\_\_\_

3<sup>rd</sup> Reading \_\_\_\_\_

Approved \_\_\_\_\_  
Chairman of Council

Date Signed: \_\_\_\_\_

Approved \_\_\_\_\_  
Mayor, City of Memphis

Date Signed: \_\_\_\_\_

\_\_\_\_\_, Chairman  
Memphis City Council

ATTEST:

\_\_\_\_\_  
Comptroller

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

CHAPTER 5-20. - HOTEL/MOTEL OCCUPANCY TAX<sup>[5]</sup>**Sections:***Footnotes:*

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**State Law reference**— *Hotel occupancy tax, T.C.A. § 67-4-1401 et seq.*

## Sec. 5-20-1. - Definitions.

The following words, terms and phrases, when used in this chapter, shall have the meanings ascribed to them in this section, except where the context clearly indicates a different meaning:

*City treasurer* means the person serving in the office of city treasurer.

*Consideration* means the consideration charged, whether or not received, for occupancy in a hotel, valued in money, whether to be received in money, goods, labor or otherwise, including all receipts, cash, credits, property and services of any kind or nature, without any deduction therefrom whatsoever. Nothing in this definition shall be construed to imply that consideration is charged when the space provided to the person is complimentary from the operator and no consideration is charged to or received from any person.

*Hotel* means any structure or space, or any portion thereof, which is occupied or intended or designed for occupancy by transients for dwelling, lodging or sleeping purposes, and includes any hotel, inn, tourist camp, tourist court, tourist cabin, motel or any place in which rooms, lodgings or accommodations are furnished to transients for a consideration.

*Occupancy* means the use or possession, or the right to the use or possession, of any room, lodgings or accommodations in any hotel.

*Operator* means the person operating the hotel whether as owner, lessee or otherwise.

*Person* means any individual, firm, partnership, joint venture, association, social club, fraternal organization, joint stock company, corporation, estate, trust, business trust, receiver, trustee, syndicate or any other group or combination acting as a unit.

*Transient* means any person who exercises occupancy or is entitled to occupancy for any rooms, lodgings or accommodation in a hotel for a period of less than 30 continuous days.

(Code 1985, § 36-121; Ord. No. 4824, § 1, 11-7-2000)

## Sec. 5-20-2. - Levy of occupancy tax.

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 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 surcharge district described in Ordinance No. 5583 existing on July 1, 2015. Such tax shall be in the amount of one and seven-tenths percent 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.

(Code 1985, § 36-122; Ord. No. 4824, § 1, 11-7-2000; Ord. No. 5596, § 1, 9-1-2015)

**State Law reference—** Authority to levy hotel occupancy tax, T.C.A. § 67-4-1402.

Sec. 5-20-3. - Collection by operator; inclusion in rate.

- A. The tax levied shall be added by all operators to each invoice prepared by each such operator and given directly or transmitted to the transient for the occupancy of such operator's hotel. Such tax shall be collected by each such operator from the transient and remitted to the city.
- B. When a person has maintained occupancy for 30 continuous days, that person shall receive from the operator a refund or credit for the tax previously collected from or charged to him or her, and the operator shall receive credit for the amount of such tax if previously paid or reported to the city.

(Code 1985, § 36-123; Ord. No. 4824, § 1, 11-7-2000)

**State Law reference—** Similar provisions, T.C.A. § 67-4-1404.

Sec. 5-20-4. - Remittance of tax by operator.

- A. The tax levied shall be remitted to the city treasurer by all operators who lease, rent or charge for rooms or spaces in hotels within the city, and the city treasurer is charged with the duty of collection thereof. Such tax shall be remitted to the city treasurer not later than the twentieth day of each month for the preceding month. Each operator is required to collect the tax from each transient at the time of the presentation of the invoice for occupancy whether prior to occupancy or after occupancy as may be the custom of the operator, and if credit is granted by the operator to the transient, then the obligation to the city for such tax shall be that of the operator.
- B. For the purpose of compensating the operator in accounting for and remitting the tax authorized and levied hereunder, the operator shall be allowed two percent of the amount of the tax due and accounted for and remitted to the city in the form of a deduction in submitting his or her report and paying the amount due by such operator, provided the amount due was not delinquent at the time of payment in which case no such deduction will be allowed.

(Code 1985, § 36-124; Ord. No. 4824, § 1, 11-7-2000)

**State Law reference—** Similar provisions, T.C.A. § 67-4-1405.

Sec. 5-20-5. - Collection of tax by city.

- A. The city treasurer shall be responsible for the collection of such tax and shall place the proceeds of such tax in the general bank account of the city. The city shall account for the collection and disbursement of all revenue generated from this tax in a separate accounting fund. A monthly tax return shall be filed under oath with the city treasurer by each operator, with such number of copies thereof as the city treasurer may reasonably require for the collection of such tax. The report of the operator shall include such facts and information as may be deemed reasonable for

the verification of the tax due. The form of such report shall be developed by the city treasurer and approved by the mayor prior to use.

- B. The mayor is authorized to adopt reasonable rules and regulations for the implementation of the provisions of this chapter.

(Code 1985, § 36-125; Ord. No. 4824, § 5, 11-7-2000)

Sec. 5-20-6. - Disclosure of tax.

No operator of a hotel shall advertise or state in any manner, whether directly or indirectly, that the tax or any part thereof will be assumed or absorbed by the operator or that it will not be added to the consideration, or that if added, any part will be refunded.

(Code 1985, § 36-126; Ord. No. 4824, § 1, 11-7-2000)

Sec. 5-20-7. - Failure of operator to collect tax.

Taxes collected by an operator which are not remitted to the city treasurer on or before the due dates shall be delinquent. An operator shall be liable for interest on such delinquent taxes from the due date at the rate of ten percent per annum, and, in addition, a penalty of one percent for each month or fraction thereof such taxes are delinquent. Such interest and penalty shall become a part of the tax herein required to be remitted. Each occurrence of willful failure or refusal of an operator to collect or remit the tax or the willful refusal of a transient to pay the tax imposed is declared to be unlawful and shall be punishable by a fine of \$50.00. In addition, it is unlawful for any operator to knowingly file a false tax return, and a violation shall be punishable by a fine of not more than \$50.00.

(Code 1985, § 36-127; Ord. No. 4824, § 7, 11-7-2000)

**State Law reference—** Similar provisions, T.C.A. § 67-4-1408.

Sec. 5-20-8. - Rules and regulations; reports; records.

- A. It is the duty of every operator liable for the collection and payment to the city of the tax levied hereunder to keep and preserve, for a period of three years, all records as may be necessary to determine the amount of such tax for which he or she may have been liable for the collection of and payment to the city, which records the city treasurer, his or her designee or any accounting firm or accountant employed by the city, shall have the right to inspect at all reasonable times.
- B. The city treasurer, in administering and enforcing the provisions of this chapter, shall have and be authorized to use those powers and duties as are provided for with respect to collecting taxes in T.C.A. § 67-1-101 et seq., or otherwise provided by law for county clerks and/or municipal officers.
- C. Upon any claim of illegal assessment and collection, the taxpayer shall have the remedies provided in T.C.A. § 67-9-101 et seq., it being the intent of this chapter that the provisions of law which apply to the recovery of state taxes illegally assessed and collected also apply to taxes illegally assessed and collected under the authority of this chapter. The city treasurer shall also possess those powers and duties as provided in T.C.A. § 67-1-707 for county clerks with respect to the adjustments and refunds of such tax.
- D. With respect to the adjustment and settlement with taxpayers, all errors of taxes collected by the city treasurer under the authority of this chapter shall be refunded by the city.

- E. Notice of any tax paid under protest shall be given to the city treasurer, and suit may be brought for recovery of such tax against the mayor of the city in his or her official capacity.

(Code 1985, § 36-128; Ord. No. 4824, § 8, 11-7-2000)

**State Law reference—** Similar provisions, T.C.A. §§ 67-4-1409, 67-4-1410.

Sec. 5-20-9. - Allocation of funds.

- A. Through and until June 30, 2016, the first one and seven-tenths percent of taxes levied under this chapter 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 \$13,000,000.00, 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 the first one and seven-tenths percent tax of taxes levied under this chapter 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 \$400,000.00 for the city's fiscal year 2001 and \$500,000.00 for fiscal years 2002 and 2003, and second for the coliseum in the amount of \$250,000.00 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, the first one and seven-tenths percent tax of the taxes levied under this chapter 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 (the "sports authority bonds") 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 section, the additional one and eight-tenths percent tax of the three and one-half percent 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 for the sports authority bonds;

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 for the sports authority bonds;
  3. For deposit to the capital improvement reserve fund to make capital improvements, administrative costs, to purchase or redeem the sports authority bonds, as directed by the Memphis and Shelby County Sports Authority; and
- D. Notwithstanding any of the provisions contained herein to the contrary, any revenues produced from the taxes levied under this chapter over and above the sum of (i) that amount which satisfies subsections (C)(1), (C)(2), and (C)(3) of this section, and (ii) the greater of: (x) the amount of such tax revenue projected for the current fiscal year at the time of the original issuance of the sports facility bonds and (y) the amount the one and seven-tenths percent tax rate would have provided for such fiscal year, shall be applied to the payment of principal of and interest on additional bonded indebtedness, and non-capitalized expenses of the bond sale or sales and bond-related continuing costs, to fund additional construction or renovation of convention or meeting facilities.  
(Code 1985, § 36-129; Ord. No. 4824, § 9, 11-7-2000; Ord. No. 4939, § II, 5-7-2002; Ord. No. 5596, § 2, 9-1-2015)

**State Law reference—** Allocation of proceeds, T.C.A. § 67-4-1411.

## CHAPTER 5-40. - TOURISM IMPROVEMENT DISTRICT

**Sections:**

## Sec. 5-40-1. - Short title.

This chapter shall be known as the "Memphis Tourism Improvement District."

(Ord. No. 5595, § 1, 9-1-2015)

## Sec. 5-40-2. - Definitions.

For the purposes of this chapter, the following terms shall have the special meanings respectively ascribed to them below.

*Assessment* means a special assessment levied on hotels in the district.

*Bureau* means the Memphis Convention and Visitors Bureau, a nonprofit corporation.

*District* means the Memphis Tourism Improvement District created pursuant to this chapter. The boundaries of the district shall be the boundaries of the City of Memphis.

*Hotel* means any structure or space, or any portion thereof, which is occupied or intended or designed for occupancy by transients for dwelling, lodging or sleeping purposes, and includes any hotel, inn, tourist camp, tourist court, tourist cabin, motel or any place in which rooms, lodgings or accommodations are furnished to transients for a consideration. Hotel does not include those hotels that are within a tourism surcharge district described in Ordinance No. 5583 existing on July 1, 2015.

*Room night* means the use or possession, or the right to the use or possession, of any room, lodgings or accommodations in any hotel for a period of 24 hours or less.

*Transient* means any person who exercises occupancy or is entitled to occupancy for any rooms, lodgings or accommodation in a hotel for a period of less than 30 continuous days.

(Ord. No. 5595, § 1, 9-1-2015)

## Sec. 5-40-3. - Purpose.

The purpose of this chapter is to establish a tourism improvement district for the city that will generate funds dedicated to destination marketing. The district is intended to provide supplemental funding for marketing programs above and beyond that currently provided. District funds shall supplement existing hotel/motel occupancy tax funds dedicated to the bureau for marketing, advertising and promotion of the hospitality industry.

(Ord. No. 5595, § 1, 9-1-2015)

## Sec. 5-40-4. - Creation.

There is hereby established the Memphis Tourism Improvement District, effective January 1, 2016.

(Ord. No. 5595, § 1, 9-1-2015)

Sec. 5-40-5. - Funding.

*changed*

The district shall impose an assessment of \$2.00 per paid occupied room night on hotels in the city. The following room nights shall not be subject to the assessment:

- A. Those wherein the person has maintained occupancy for 30 continuous days. When a person has maintained occupancy for 30 continuous days, that person shall receive from the operator a refund or credit for the assessment previously collected from or charged to him or her, and the operator shall receive credit for the amount of such assessment is previously paid or reported to the city.
- B. Those for which the person is not charged, commonly known as complimentary or comp rooms.

(Ord. No. 5595, § 1, 9-1-2015)

Sec. 5-40-6. - Programs.

The district funds shall be used to generate awareness of and increase visitation to the city. The programs will be designed to increase hotel room sales for the benefit of the assessed hotels. Non-assessed hotels will not be included in any district-funded programs. Programs may include:

- A. Marketing and advertising, including Internet, television, radio, and print;
- B. Promotions, such as package deals and contests;
- C. Sales efforts, including industry conferences, fam tours, and group sales efforts;
- D. Research on the tourism market and industry;
- E. Branding efforts;
- F. Support of special events which attract out of town visitors;
- G. Related administrative expenses; and
- H. Other programs designed to increase overnight stays at hotels.

(Ord. No. 5595, § 1, 9-1-2015)

Sec. 5-40-7. - Collection.

- A. The assessment shall be remitted to the city treasurer, and the city treasurer is charged with the duty of collection thereof. Such assessment shall be remitted to the city treasurer not later than the 20th day of each month for the preceding month. The assessment is the responsibility of each hotel; however, hotel may choose to pass the assessment on to the transient. If a hotel chooses to pass the assessment on to the transient, it must be disclosed in advance as the "Memphis TID assessment."
- B. For the purpose of compensating the city in accounting for and remitting the assessment to the bureau, the city shall be allowed to retain one percent of the amount collected.

(Ord. No. 5595, § 1, 9-1-2015)

Sec. 5-40-8. - Penalties and interest.

Assessments not remitted to the city treasurer on or before the due dates shall be delinquent. A hotel shall be liable for interest on such delinquent assessments from the due date at the rate of ten percent per annum, and, in addition, a penalty of one percent for each month or fraction thereof such

assessments are delinquent. Such interest and penalty shall become a part of the assessment herein required to be remitted. Each occurrence of willful failure or refusal of a hotel to remit the assessment is declared to be unlawful and shall be punishable by a fine of \$200.00. In addition, it is unlawful for any hotel to knowingly file a false assessment return, and a violation shall be punishable by a fine of not more than \$200.00.

(Ord. No. 5595, § 1, 9-1-2015)

Sec. 5-40-9. - Management.

- A. Funds collected by the city, minus the one percent administration allowance, shall be remitted to the bureau within 30 days of receipt.
- B. The bureau shall be responsible for managing district funds and programs in accordance with this chapter. The bureau shall not be considered a public entity for any purpose, nor shall its board members be considered public officials for any purpose. The bureau shall enter into a contract with the city regarding the management and use of funds.
- C. The bureau shall provide an annual report to the city. The annual report shall be submitted each year no later than 90 days after the anniversary of the assessment start date. The annual report shall include:
  1. A summary of the activities provided in the previous year;
  2. A summary of the expenditures from the previous year;
  3. The amount of any revenue to be carried over from any prior year(s);
  4. A list of the directors and officers of the bureau; and
  5. A list of accomplishments attributable to the district.

(Ord. No. 5595, § 1, 9-1-2015)

Sec. 5-40-10. - Severability.

If any portion, clause, or phrase of this chapter is for any reason held to be invalid or unconstitutional by a court of competent jurisdiction, and if such portion, clause, or phrase is not so substantial that the city council would not have adopted this chapter without it, then the remaining portions, clauses, and phrases shall not be affected but shall remain in full force and effect.

(Ord. No. 5595, § 1, 9-1-2015)

Sec. 5-40-11. - Term.

The district hereby created shall have a ten-year term, from January 1, 2016 through December 31, 2025. Prior to the expiration of the term, the city council may adopt a new ordinance to renew the district with the support of the Metropolitan Memphis Hotel and Lodging Association.

(Ord. No. 5595, § 1, 9-1-2015)

Sec. 5-40-12. - Termination.

Objection petitions may be submitted once per year in the month of December. If an objection petition is received from businesses which pay more than 50 percent of the assessment, the city council shall hold a hearing on district termination. Objection petitions must be signed by the business

owner or their authorized representative, and dated within 30 days of their submission to the city. A public hearing will be held on the objection petitions within 30 days of the city's receipt of the objection petitions.

(Ord. No. 5595, § 1, 9-1-2015)

**CITY OF MEMPHIS, TENNESSEE TOURISM IMPROVEMENT DISTRICT  
ORDINANCE NO. 5596**

**FREQUENTLY ASKED QUESTIONS**

Published March \_\_, 2016

1. What is the purpose of the Ordinance creating the assessment:

ANSWER: To establish a tourism improvement district for the City that will generate funds dedicated to destination marketing.

2. What is the effective date of the Ordinance and its term of existence?

ANSWER: The Ordinance is effective January 1, 2016. It is currently scheduled to end December 31, 2025, but is subject to modification and renewal by the Council of the City prior to expiration.

3. What is the amount and the boundaries of the assessment?

ANSWER: The amount of the assessment is \$2.00 per occupied room night applicable to all hotel/motels located within the City, except as exempted under the Ordinance.

4. Who is responsible for the Assessment?

ANSWER: The assessment is the responsibility of each hotel/motel; however, the hotel/motel may choose to pass the assessment on to the customer. If a hotel/motel chooses to pass the assessment on to the customer, it must be disclosed in advance as the "Memphis TID assessment".

5. What are the exemptions to the assessment?

ANSWER: Currently, there are three (3) exemptions as follows:

- (i) Where the customer of a hotel/motel maintains occupancy for thirty (30)\* continuous days. In such event, the assessment fee is collected, but such customer shall receive from the hotel/motel operator, a refund or credit for the assessment previously paid or charged to the customer, and the hotel/motel operator shall receive a credit for the amount of such assessment previously paid or reported to the City;

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**\*Please note that this provision is currently under consideration by the City Council for amendment to require occupancy for ninety (90) continuous days.**

(ii) Where the customer is NOT charged a room fee, commonly known as complimentary or comp rooms; and

(iii) Where a hotel that is within a Tourism Surcharge District described in City Ordinance No. 5583 existing on July 1, 2015 (such designation applies only to the Graceland Hotel).

6. Who receives the revenue and what activities are funded with the assessment revenues?

ANSWER: The revenues are collected by the City and remitted to the Memphis Convention and Visitors Bureau (MCVB) to supplement existing hotel/motel tax funds dedicated to the MCVB, and will be used by MCVB for marketing, advertising and promotion of the hospitality industry in the City.

7. Who is responsible for collecting the assessment?

ANSWER: The operator of each hotel/motel within the City is responsible for collecting the assessment and remitting the amount on a monthly basis to the City Treasurer on each operator's Hotel/Motel Occupancy Tax Form, which is due by the 20<sup>th</sup> of each month.

8. Are there penalties for failure of hotel/motels to comply?

ANSWER: YES, assessments not remitted by the due date will be delinquent. All delinquent payments will be liable for interest at the rate of ten (10%) percent per annum, and in addition, a penalty of one (1%) for each month or fraction thereof such assessments are delinquent.

9. How is "Room Night" defined?

ANSWER: Room Night is defined by the Ordinance as the use or possession, or the right to the use or possession, of any room, lodging or accommodations in any hotel/motel for a period of twenty-four hours or less.

10. Will the assessment fee apply to "Guaranteed No Show"? (defined as when a customer is charged for a night because the reservation is not cancelled and the customer does not show up at the hotel/motel).

ANSWER: YES, the hotel/motel receives consideration and the paid customer has a right to the use and possession of the room.

11. Will the government or nonprofit organizations be exempt from the assessment?

ANSWER: NO.

12. Do local, state or federal government offices, in the conduct of their normal course of business, e.g. rooms rented by Shelby County for jurors, be tax exempt since the rooms are paid by the county or city?

ANSWER: NO; however, if any room is occupied continuously for a thirty (30)\* day period, then the assessment fees for such room would be refunded or credited by the hotel/motel operator to the paying entity.

13. Would a corporate customer who purchases rooms in bulk with centralized billing, or a long-term contract be exempt if renting the same block of rooms for thirty (30)\* continuous days or more, even though different individuals maybe occupying the rooms from the same company?

ANSWER: NO, the TID Ordinance is interpreted by the City to apply to natural persons only and therefore, corporations, associations and other entities will not qualify for the continuous stay benefit outlined in the Ordinance. Hence, the TID Ordinance benefit only applies to a natural person who continuously stays in the same room at the hotel/motel for thirty (30) days or longer, in which case the \$2 assessment fee collected would be refunded or credited by the hotel operator to the individual person.

14. Does the fee apply to customers who have booked and paid for hotel/motel rooms prior to January 1<sup>st</sup>?

ANSWER: YES, the actual use of the room takes place after the effective date of the Ordinance, and therefore, the assessment fee is due and payable.

15. Does the assessment fee apply to hotel/motel rooms purchased by redeeming reward points, or when the hotel/motel receives consideration from a fund or third party?

ANSWER: YES, the hotel/motel receives consideration; therefore, it is a paid versus complimentary room.