

**CITY OF MEMPHIS, TENNESSEE TOURISM IMPROVEMENT DISTRICT
ORDINANCE NO. 5595**

FREQUENTLY ASKED QUESTIONS

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;

***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 20th 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 1st?

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.