



City of Franklin, Tennessee
FY 2017 Operating Budget Request

Hotel Motel Tax Fund



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Outline

- Purpose of Department**
- Base Budget Request**
- Forecast**



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Hotel Motel Tax Fund

Purpose of Fund

A special revenue fund used to account for the locally administered tax levied on the occupancy of hotel and motel rooms, in addition to sales tax. The City of Franklin Hotel /Motel Tax is 4%. The fund is used to pay debt service on the Cool Springs Conference Center and the Harlinsdale and Battlefield parks. Also, the funds are used for tourism. The budget includes 1% of the 4% tax (based on collections in calendar year 2013) to support the Williamson County Convention and Visitors Bureau.



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Base Budget Request:

	2014 Actual	2015 Actual	2016		2017 Budget	2016 v. 2017	
			Budget	Estimated		\$	%
Beginning Fund Balance	1,124,507	1,971,048	2,749,596	2,749,596	3,254,451		
Revenues	3,242,135	3,293,338	3,283,214	3,245,260	3,410,850	127,636	3.9%
Expenditures	2,395,594	2,514,790	2,778,360	2,732,175	2,404,432	-373,928	-13.5%
Ending Balance	1,971,048	2,749,596	3,254,451	3,262,681	4,260,869		

The Hotel-Motel Fund is forecast to grow significantly over the next several fiscal years as revenues on the whole are forecast to continue growing and expenses are steady.

Expenses include 1% for Williamson Co. CVB & Fixed Debt Service payments.

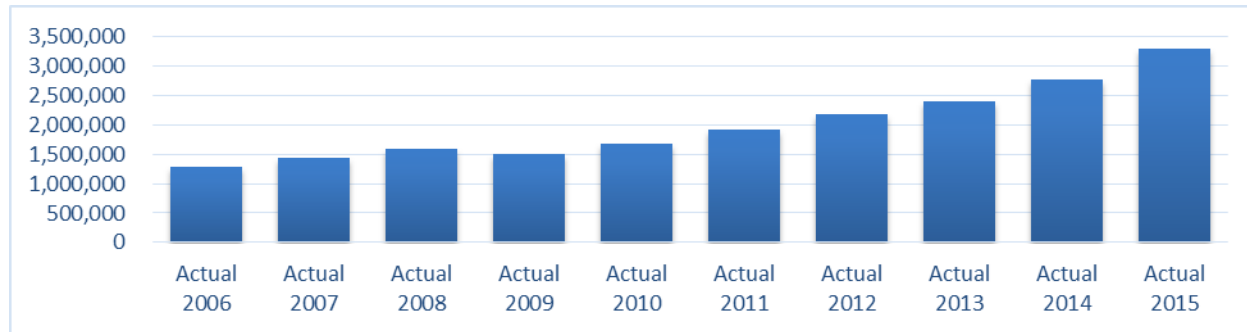


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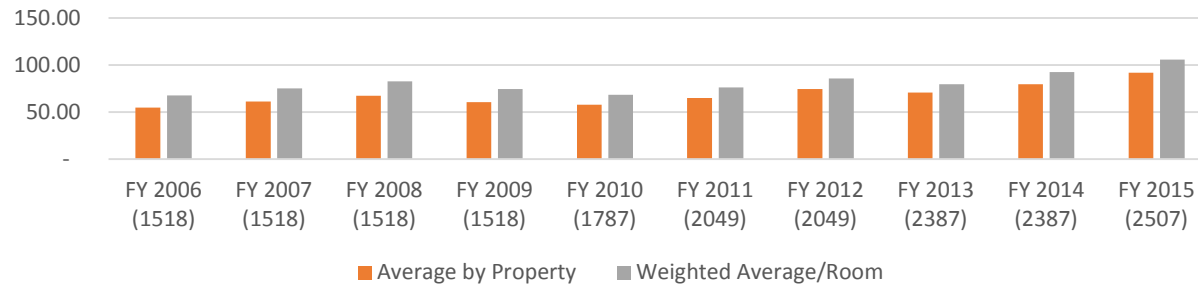
Forecast:

Despite the recent economy, receipts in the hotel/motel fund have largely met expectations.



One of the main reasons for this stability in budgeting is the continued growth in both the number of hotel rooms and the average revenue collected per room (Rev PAR).

Average Hotel Tax per Room per Month
by Fiscal Year (# of Rooms)



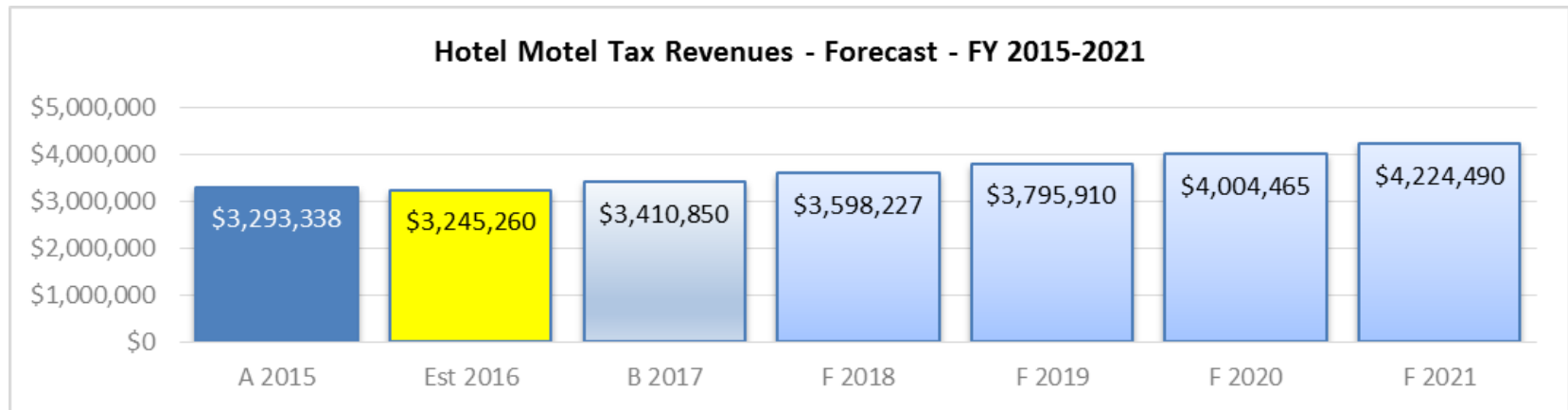


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Forecast:

We believe that this trend will continue as the overall revenue per room continues to grow, hotels continue to be built, occupancy rates remain low and the region, driven by the high room rates within Nashville show no signs of abating. The chart below shows estimated revenues FY 2015-FY 2021.



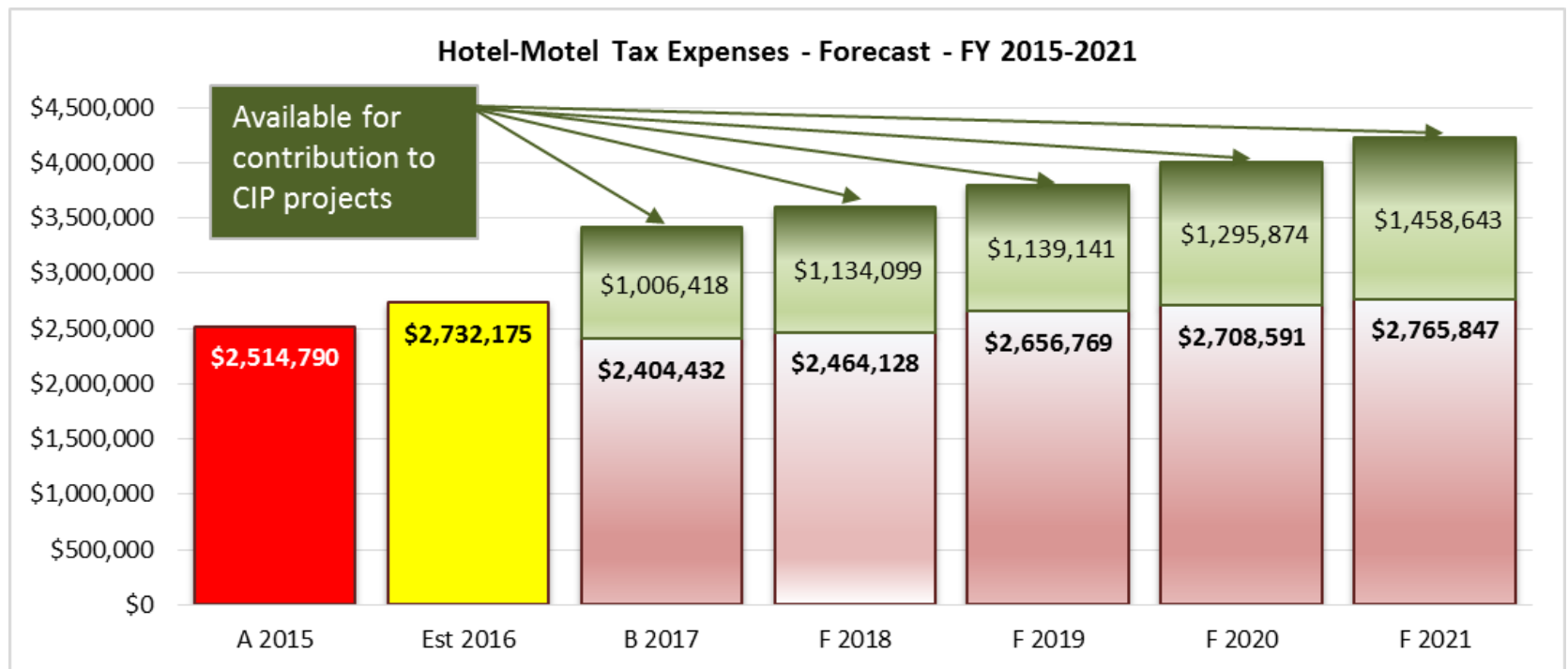


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Forecast:

On the expense side, known (fixed cost) expenses in the next five years include debt service and the 1% contribution to the Williamson County CVB.





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Forecast:

Given this forecast, there should be sufficient recurring revenues to continue paying for some but not necessarily all recreation and tourist capital projects proposed within the City of Franklin.