

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



**FISCAL MEMORANDUM**

**SB 2093 – HB 2127**

April 8, 2009

**SUMMARY OF AMENDMENT (005889):** Deletes the language of the original bill. Authorizes any municipality within a county which has elected Tennessee River Resort District (TRRD) status to repeal such election by adopting a resolution or ordinance approved by two-thirds vote of the legislative body of the respective jurisdiction. Any municipality that repeals its election as a TRRD shall receive the allocation of state sales tax revenue pursuant to Tenn. Code Ann. § 67-6-103(a)(3)(A).

FISCAL IMPACT OF ORIGINAL BILL:

(CORRECTED)

Decrease State Revenue – \$565,000

Increase Local Revenue – \$565,000/Permissive

**FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:**

**Unchanged from the original fiscal note.**

Assumptions applied to amendment:

- According to the Department of Revenue (DOR), there are nine counties (Hardin, Henry, Benton, Perry, Decatur, Houston, Stewart, Humphreys, and Wayne) and two municipalities (Savannah and Clifton) that have elected TRRD status.
- Pursuant to Tenn. Code Ann. § 67-6-103(a)(3)(A), incorporated municipalities receive 4.5925 percent of all state sales tax revenue. Each municipality's share is based on the ratio of the municipality's population in relation to the aggregate population of all incorporated municipalities.
- Pursuant to Tenn. Code Ann. § 67-6-103(a)(3)(F)(i), any county or municipality electing TRRD status will receive a 4.5925 percent share of

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all state sales tax actually collected within and remitted from the respective county or municipality.

- Counties do not receive an allocation of state sales tax revenue pursuant to Tenn. Code Ann. § 67-6-103(a)(3)(A). Therefore, any county that elects TRRD status pursuant to Tenn. Code Ann. § 67-6-103(a)(3)(F)(i) is expected to realize an increase of revenue. As a result, no counties are anticipated to repeal their elections as a TRRD.
- According to DOR, the City of Clifton does not receive any additional allocation because it chose to continue receiving the normal allocation of state sales tax revenue pursuant to Tenn. Code Ann. § 67-6-103(a)(3)(A). As a result, the City of Clifton is not anticipated to repeal its election as a TRRD.
- Given that the nine counties and the City of Clifton are not expected to repeal their respective elections as TRRDs, only the City of Savannah is expected to repeal its election.
- According to DOR, if the City of Savannah repeals its election as a TRRD, state revenue would decrease by approximately \$565,000 per year and the City of Savannah would receive an additional \$565,000 per year. This will occur because the allocation of state sales tax revenue to Savannah will be more when pursuant to Tenn. Code Ann. § 67-6-103(a)(3)(A) than the share it currently receives as a TRRD pursuant to Tenn. Code Ann. § 67-6-103(a)(3)(F)(i).

### **CERTIFICATION:**

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James W. White, Executive Director

/rnc