



**SB 1543 – HB 1813**

May 21, 2009

**SUMMARY OF AMENDMENTS (007805, 007142):** Adds language to the original bill. Amendment 007805 requires the county trustee to certify to the governing body and the county mayor the trustee's consent to administer selling the tax receivables program; requires the governing body to adopt a resolution to sell tax receivables; and the county mayor must certify to the governing body and the county trustee the mayor's consent to administer selling tax receivables. Amendment 007142 exempts Madison County from this legislation.

FISCAL IMPACT OF ORIGINAL BILL:

Increase Local Expenditures – Not Significant/Permissive

Other Fiscal Impact – The sale of the right to a tax receivable is a sale of a right to cash flow at a future date. Any increase or decrease in local government revenue will depend on the price for which receivables are sold and whether or not the debt would have been collected in the absence of the sale. If receivables are sold on a dollar for dollar basis, there will not be a change in the net amount of revenue realized by local governments, assuming that all of the receivables would have been collected; however, a change will occur in the amount of revenue realized in a given fiscal year.

If the receivables are sold at a discount rate, there will be a decrease in local government revenue, assuming that all receivables would have been collected by the local government entity. There will also be a change in the amount of revenue realized in a given fiscal year. These considerations do not take into account the time value of money which might result in an increase in the realization of more purchasing power on the part of local governments by having collected the money at a present date rather than some date in the future.

Without knowledge of how many tax receivables would be sold and at what price, a specific fiscal impact on the increase or decrease in local government revenue cannot be reasonably quantified but could be significant.

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

**Unchanged from the original fiscal note.**

Assumption applied to amendments:

- According to the Comptroller, requiring these additional certifications will not have a fiscal impact on the proposed legislation.

**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

/kmc