

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

SB 2565 – HB 2703

March 25, 2010

SUMMARY OF AMENDMENT (015851): Deletes the original language of the bill. Authorizes local governments to collect taxes, through installments, on property that is subject to a horizontal, condominium, time-shares or vacation club regime. Establishes the applicable formula rate used to determine the effective rate on revenue bonds as the Prime Rate plus seven percent on bonds issued prior to June 30, 2012.

FISCAL IMPACT OF ORIGINAL BILL:

Increase Local Revenue – Exceeds \$100,000/Permissive
Increase Local Expenditures – Exceeds \$200,000/Permissive/FY10-11
Exceeds \$100,000/Permissive/FY11-12 and
Subsequent Years

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

Unchanged from the original fiscal note.

Assumptions applied to amendment:

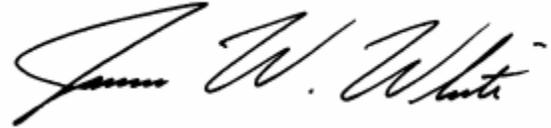
- The current effective rate is the Prime Interest Rate plus four percent. Increasing the effective rate by three points will result in higher debt service payments on bonds issued by local governments.
- Based on information provided by Comptroller of the Treasury, municipalities will purchase infrastructure built by a developer at a one-time cost exceeding \$100,000. Municipalities will also incur a recurring increase in expenditures that exceed \$100,000 due to debt service on revenue bonds used to purchase the public facility beginning in FY10-11.
- Based on information provided by Comptroller of the Treasury, municipalities will receive increased revenue from the special property assessment that will be made on the public facility property that exceeds \$100,000.

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- An unknown number of municipalities will utilize this legislation.

CERTIFICATION:

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

A handwritten signature in black ink that reads "James W. White". The signature is written in a cursive style with a large initial "J" and a distinct "W".

James W. White, Executive Director

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