

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



**FISCAL NOTE**

**HB 594 - SB 574**

March 2, 2009

**SUMMARY OF BILL:** Increases from \$1,000,000 to \$3,500,000 the single allowable exemption for state inheritance tax. This single exemption would apply to estates of decedents dying in tax years 2009 and beyond.

**ESTIMATED FISCAL IMPACT:**

**Decrease State Revenue –**

**\$9,975,000/FY09-10**  
**\$39,900,000/FY10-11 and Subsequent Years**

Assumptions:

- Increasing the single allowable exemption to \$3,500,000 will match the state inheritance tax exemption to the federal inheritance tax exemption for calendar year 2009.
- The current FY08-09 budgeted estimate for inheritance tax is \$95,000,000.
- One-hundred percent of inheritance tax collections are deposited to the General Fund.
- Based on information provided by the Department of Revenue (DOR), and from Monte Carlo simulations conducted by the Department, approximately 42 percent of inheritance tax revenue would be eliminated as a result of this bill.
- The recurring decrease to state revenue is estimated to be \$39,900,000 per year ( $\$95,000,000 \times 42.0\% = \$39,900,000$ ).
- An enactment date of July 1, 2009.
- Given the nine-month filing extension allowed, the estates of decedents dying between July 1, 2009, and September 30, 2009, are assumed to be processed during FY09-10. Therefore, the first-year impact (FY09-10) is estimated to be 25 percent of the first full-year impact (FY10-11).

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**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, reading "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

/rnc