

**TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE**



**CORRECTED
FISCAL NOTE**

HB 3042 - SB 2944

March 2, 2010

SUMMARY OF BILL: Requires any local government that has opted to enact a senior citizen tax relief program, in determining the weighted average median household income for purposes of calculating the income limits, to use the greater of the five-year median household income estimates released by the American Community Survey (ACS) in the year following the most recent federal census or the average determined in the most recent federal census, or the applicable statutory state tax relief income limit for elderly low-income homeowners.

ESTIMATED FISCAL IMPACT:

On February 15, 2010 we issued a fiscal note indicating a *recurring, permissive decrease in local government revenue of \$100,000* and a *one-time, permissive increase in local government expenditures of \$100,000*. Based on further review, the fiscal impact of the bill is as follows.

(CORRECTED)

Other Fiscal Impact - According to the Comptroller, some local governments have implemented a tax freeze program. Depending on the data released from the ACS, the number of persons who qualify for the Property Tax Freeze Act could increase. If the number of qualifying persons does increase, local revenue will decrease when property tax rates are increased. This permissive decrease in local revenue could exceed \$100,000 over time.

Corrected Assumptions:

- According to the Comptroller of the Treasury, ACS five-year estimates will not be available until 2011 for years 2005 to 2009.

- Adding the ACS estimates will potentially increase the income limits upon which the tax freeze programs are based. An increase in income limits will make more homeowners eligible for the program and will result in a permissive decrease in property tax revenue for participating local governments.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, appearing to read "James W. White". The signature is fluid and cursive, with the first name "James" written in a larger, more prominent script than the last name "White".

James W. White, Executive Director

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