

**TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE**



FISCAL NOTE

SB 65 - HB 257

February 16, 2009

SUMMARY OF BILL: Expands eligibility for Tennessee River Resort District (TRRD) status, for the purpose of special allocations of state sales tax revenue, to include any county in which at least 51 percent of the total acreage of the county is owned by the federal government, is dedicated as a national forest, and has at least three rivers flowing through the county (Polk County). Redefines TRRD for the purpose of a county (Polk County) being authorized to sell liquor-by-the-drink at clubs, hotels, motels or restaurants within three miles of the banks of the Hiwassee and Ocoee rivers.

ESTIMATED FISCAL IMPACT:

Decrease State Revenue - Net Impact - \$140,000

Increase Local Revenue - \$160,000/Polk County

Assumptions:

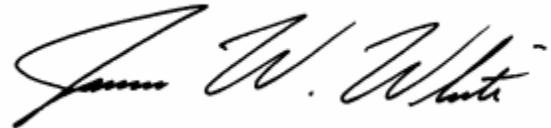
- Pursuant to Tenn. Code Ann. § 67-6-103(a)(3)(A), incorporated municipalities receive 4.5925 percent of all state sales tax revenue. Each incorporated municipality's share of this allocation is based on the ratio of the incorporated municipality's population to the aggregate population of all incorporated municipalities within the state.
- Pursuant to Tenn. Code Ann. § 67-6-103(a)(3)(F)(i), counties and incorporated municipalities that elect TRRD status receive 4.5925 percent of actual state sales tax revenue collected within their respective jurisdictions in lieu of any allocations that would have been received pursuant to T.C.A. § 67-6-103(a)(3)(A).
- Based on information provided from the Department of Revenue (DOR), there would not be any incorporated municipalities expected to benefit from electing TRRD status. However, Polk County is expected to benefit and elect TRRD status.
- According to DOR, Polk County would receive a share of state sales tax revenue estimated to be \$150,000 per year. Therefore, the decrease to state revenue is estimated to be \$150,000 per year.

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- Jurisdictions which are eligible and elect TRRD status would be authorized to sell liquor-by-the-drink in clubs, hotels, motels, or restaurants which are located within three miles of the banks of the Tennessee, Hiwassee or Ocoee rivers.
- Given that Polk County is likely to elect TRRD status as a result of the special sales tax allocation; it would also be authorized and likely to sell liquor-by-the-drink in clubs, hotels, motels, or restaurants which are located within three miles of the banks of the Hiwassee or Ocoee.
- According to DOR, if Polk County sells liquor by-the-drink, there would be approximately \$20,000 of mixed drink tax revenue collected.
- Pursuant to T.C.A. § 57-4-306, 50 percent of mixed drink tax revenue is apportioned to local governments; 50 percent is apportioned to the state's general fund. Therefore, \$10,000 is expected to go to Polk County and \$10,000 is expected to the general fund.
- The net decrease to state revenue is estimated to be \$140,000 per year ($\$10,000 - \$150,000 = -\$140,000$).
- The increase to local government revenue (Polk County) is estimated to be \$160,000 per year ($\$150,000 + \$10,000 = \$160,000$).

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