

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



**CORRECTED
FISCAL NOTE**

SB 2093 - HB 2127

April 7, 2009

SUMMARY OF BILL: Authorizes any county, or municipality within a county, which has elected Tennessee River Resort District (TRRD) status to repeal such election by adopting a resolution or ordinance approved by two-thirds vote of the legislative body of the respective jurisdiction.

ESTIMATED FISCAL IMPACT:

On March 13, 2009, a fiscal note was issued for this bill indicating a *decrease to state revenue exceeding \$50,000 per year* and an *increase to local government revenue exceeding \$50,000 per year*. On April 6, 2009, the Department of Revenue provided additional information for this bill. Based on this additional information, the fiscal impact of the bill is estimated as follows:

(CORRECTED)

Decrease State Revenue - \$565,000

Increase Local Revenue - \$565,000/Permissive

Assumptions:

- According to the Department of Revenue (DOR), there are nine counties (Hardin, Henry, Benton, Perry, Decatur, Houston, Stewart, Humphreys, and Wayne) and two municipalities (Savannah and Clifton) that have elected TRRD status.
- Pursuant to Tenn. Code Ann. § 67-6-103(a)(3)(A), incorporated municipalities receive 4.5925 percent of all state sales tax revenue. Each municipality's share is based on the ratio of the municipality's population in relation to the aggregate population of all incorporated municipalities.
- Pursuant to Tenn. Code Ann. § 67-6-103(a)(3)(F)(i), any county or municipality electing TRRD status will receive a 4.5925 percent share of all state sales tax actually collected within and remitted from the respective county or municipality.

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- Counties do not receive an allocation of state sales tax revenue pursuant to Tenn. Code Ann. § 67-6-103(a)(3)(A). Therefore, any county that elects TRRD status pursuant to Tenn. Code Ann. § 67-6-103(a)(3)(F)(i) is expected to realize an increase of revenue. As a result, no counties are anticipated to repeal their elections as a TRRD.
- According to DOR, the City of Clifton does not receive any additional allocation because it chose to continue receiving the normal allocation of state sales tax revenue pursuant to Tenn. Code Ann. § 67-6-103(a)(3)(A). As a result, the City of Clifton is not anticipated to repeal its election as a TRRD.
- Given that the nine counties and the City of Clifton are not expected to repeal their respective elections as TRRDs, only the City of Savannah is expected to repeal its election.
- According to DOR, if the City of Savannah repeals its election as a TRRD, state revenue would decrease by approximately \$565,000 per year and the City of Savannah would receive an additional \$565,000 per year. This will occur because the allocation of state sales tax revenue to Savannah will be more when pursuant to Tenn. Code Ann. § 67-6-103(a)(3)(A) than the share it currently receives as a TRRD pursuant to Tenn. Code Ann. § 67-6-103(a)(3)(F)(i).

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