TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE

FISCAL MEMORANDUM

HB 1653 – SB 1348

April 25, 2011

SUMMARY OF AMENDMENT (006301): Deletes the original bill. Authorizes municipal governments located in Tier-3 enhancement counties to loan funds from an enterprise fund to an eligible industrial development corporation for economic and industrial development. Requires a local government to submit each loan agreement to the Comptroller of the Treasury for approval. Prohibits any one loan from exceeding $750,000.

FISCAL IMPACT OF ORIGINAL BILL:

NOT SIGNIFICANT

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

Increase State Expenditures – Not Significant

Increase Local Expenditures – Exceeds $1,000,000/Permissive

Assumptions applied to amendment:

- According to the Department of Economic and Community Development, Benton, Bledsoe, Carroll, Clay, Cocke, Crockett, Decatur, Gibson, Giles, Grainger, Greene, Grundy, Hancock, Hardeman, Haywood, Henderson, Henry, Jefferson, Johnson, Lauderdale, Lawrence, Lewis, Marshall, Maury, McMinn, Meigs, Monroe, Obion, Perry, Pickett, Rhea, Scott, Van Buren, Wayne, and White Counties are considered Tier-3 enhancement counties.
- Any increase in local government expenditures is dependent upon several unknown factors such as the number of counties that will loan funds from an enterprise fund to an eligible industrial development corporation, the total loan amount, the interest rates on loans issued, the terms of loans, and the default rate of loans. Given these unknown factors, a precise estimate for increased local expenditures is difficult to determine. However, the permissive increase in local government expenditures is reasonably estimated to exceed $1,000,000 per year.
- Any cost incurred by the Comptroller's Office to accept and approve each loan agreement will not be significant and can be accommodated within existing resources without an increased appropriation or reduced reversion.

CERTIFICATION:

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

James W. White, Executive Director

/agl