

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



**CORRECTED
FISCAL MEMORANDUM**

HB 1376 – SB 1165

January 25, 2012

SUMMARY OF AMENDMENT (006952): Deletes all language after the enacting clause. Requires any gas system owned by a municipality to pay property taxes at the tax rate of each jurisdiction in which it is located, unless there are agreements executed prior to April 2011, or agreements that become effective on the first day of any fiscal year thereafter.

FISCAL IMPACT OF ORIGINAL BILL:

NOT SIGNIFICANT

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

On May 16, 2011, a corrected fiscal memo was issued estimating a fiscal impact as follows:

Increase Local Revenue – Exceeds \$1,000,000

Due to a misinterpretation of the current PILOT tax payments within Memphis and Shelby County, this impact was in error. Based upon additional information regarding the allocation of PILOT tax payments, the estimated impact is:

(CORRECTED)

Other Fiscal Impact – A portion of revenue currently received by the City of Memphis in the form PILOT payments made by gas utilities will be allocated to Shelby County. This reallocation of funds will not increase the aggregate amount currently received by local governments.

Assumptions applied to amendment:

- It is assumed that most municipal gas systems have prior agreements with their respective jurisdictions in place before April 2011.
- Shelby County and the City of Memphis receive shares of PILOT payments made by electric and water utilities.
- This would divert a share of the current revenue received by the City of Memphis from gas utilities and allocate the funds to Shelby County.

HB 1376 – SB 1165 (CORRECTED)

- Any local jurisdiction that does not have an agreement in place will incur a reallocation of funds similar to that between the City of Memphis and Shelby County. It is assumed that the aggregate amount currently received by local governments will not significantly increase.

CERTIFICATION:

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



Lucian D. Geise, Executive Director

/jdb