

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



**CORRECTED
FISCAL MEMORANDUM**

HB 1434 – SB 1239

May 17, 2011

SUMMARY OF AMENDMENTS (00815309, 00717963): Deletes the original bill. Redefines the purpose of the East Tennessee Regional Agribusiness Marketing Authority (ETRAMA) to include the furtherance of the economy and growth within its service region through planning, acquiring, constructing, improving, extending, furnishing, equipping, financing, owning, operating, and maintaining a system or systems within the service region of the ETRAMA. Defines the terms "system" and "wastewater board" for the purpose of the ETRAMA. Authorizes the board of commissioners to establish a wastewater board composed of members who are representatives of any city or utility district that has either entered into an agreement with the ETRAMA or has certified to ETRAMA that it intends to enter into an agreement. Establishes the powers of ETRAMA regarding the planning, establishment, acquisition, maintenance, and operation of systems within the region, including the power to enter into agreements with cities, counties, or utility districts for the transfer of any part of a system.

Requires ETRAMA to submit a resolution authorizing the issuance of bonds or notes, together with a statement as of the beginning of the then current fiscal year to the Office of the Comptroller of the Treasury for review and approval. Requires the Comptroller to report back to ETRAMA within fifteen days of when such resolution and statement were received. Requires ETRAMA's board of directors to annually have an entity audit ETRAMA's books and records and a copy of the audit be filed by the board and with the Comptroller, if the Department of Audit did not prepare the audit. Requires the Comptroller to determine that such audit is prepared in accordance with generally accepted accounting principles and such audits meet the audit standards prescribed by the Comptroller. Requires ETRAMA to annually provide to the Comptroller its current operating financial statements and any other information as required by the Comptroller.

Prohibits the Tennessee Regulatory Authority or any board or commission of like character created after this Act from having jurisdiction over ETRAMA in the management and control of a system, including the regulation of its rates, fees, tolls or charges, provided, however, ETRAMA is subject to regulation by the Department of Environment and Conservation (TDEC) as a public sewerage system.

FISCAL IMPACT OF ORIGINAL BILL:

NOT SIGNIFICANT

HB 1434 – SB 1239

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

Increase Local Expenditures - \$100,000/Permissive

Due to a typographical error, this impact was in error. Based upon further review, the estimated impact is as follows:

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENTS:

(CORRECTED)

Increase Local Expenditures - \$10,000,000/Permissive

Assumptions applied to amendments:

- The fiscal impact is dependent upon multiple unknown factors such as the number of local government entities that will enter into contract agreements with ETRAMA, the extent to which bonds may be issued as part of any such agreements, the terms of any such bonds, and the terms of any such agreements.
- Given the extent of unknown factors, determining a precise fiscal impact for this bill as amended is difficult. However, the permissive increase in local government expenditures is estimated to exceed \$10,000,000 per year.
- According to TDEC, any other requirements placed on the Department to bring it into compliance with the provisions of this bill will result in a not significant fiscal impact to the Department.
- According to the Comptroller of the Treasury, before ETRAMA will have the ability to issue debt, the Office of State and Local Government will need to approve any debt issuances. The Comptroller assumes the Authority will not issue debt until at least two years (FY14) after the Act's effective date.
- According to the Comptroller of the Treasury, any cost 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

/jdb