

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



**CORRECTED
FISCAL MEMORANDUM**

SB 2701 – HB 2889

April 11, 2012

SUMMARY OF AMENDMENT (016334): Deletes all language after the enacting clause. Authorizes a refund of state and local sales taxes paid on the retail sale of certain items of tangible personal property, when sold to a natural person who has received disaster assistance through the Federal Emergency Management Agency (FEMA), as a result of disasters occurring in Tennessee. Eligible items include certain major appliances (with a sales price no more than \$3,200 per item), certain residential building supplies (with a sales price no more than \$500 per item), and certain residential furniture (with a sales price no more than \$3,200 per item). Caps the total refund payment to any eligible claimant at \$2,500. Requires claimants to make application with the Department of Revenue (DOR) for the purpose of determining eligibility. Requires any refund payment to be made by DOR directly to the eligible claimant. Specifies information to be included on applications. Authorizes DOR to conduct audits of applicants, require additional information to substantiate refund claims, and assess civil penalties not to exceed \$25,000 against any person who knowingly files a false or fraudulent application. All refund payments shall be made from the General Fund.

FISCAL IMPACT OF ORIGINAL BILL:

Increase State Expenditures - \$1,201,000/One-Time

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

On April 9, 2012, a fiscal memorandum was issued estimating a fiscal impact as follows:

*Increase State Expenditures – Exceeds \$525,000/FY12-13
Exceeds \$250,000/FY13-14 and Subsequent Years*

Due to incomplete information, this impact was in error. Based on additional information provided by the Department of Revenue and the Department of Finance and Administration, the estimated impact is:

(CORRECTED)

**Increase State Expenditures – Exceeds \$525,000/FY11-12
Exceeds \$250,000/FY12-13 and Subsequent Years**

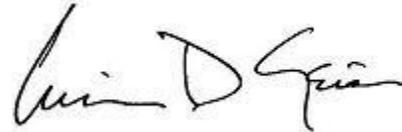
SB 2701 – HB 2889 (CORRECTED)

Assumptions applied to amendment:

- The fiscal impact of this bill as amended is dependent upon several unknown factors such as the number of natural disasters that will occur in Tennessee in the future, the resulting number of natural disaster victims in Tennessee, the number of such natural disaster victims that will receive FEMA assistance, the extent of losses incurred by the FEMA-assisted victims, and the extent of subsequent purchases of qualified tangible personal property made by the FEMA-assisted victims.
- Given the extent of unknown factors, a precise fiscal estimate for this bill as amended cannot be determined. However, based on information provided by DOR, the increase in state expenditures for FY11-12 is reasonably estimated to exceed \$525,000. This estimate takes into account natural disasters having already occurred in Tennessee between February 29, 2012, and March 2, 2012. The recurring increase in state expenditures beginning in FY12-13 is reasonably estimated to exceed \$250,000. This estimate takes into account future natural disasters occurring in Tennessee.

CERTIFICATION:

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



Lucian D. Geise, Executive Director

/rnc