

**TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE**



**CORRECTED  
FISCAL NOTE**

**HB 1478 - SB 1152**

April 25, 2011

**SUMMARY OF BILL:** Removes the requirement that interest forfeited by creditors of invalid obligations be directed to the General Fund. Authorizes the Comptroller of the Treasury to assess reasonable costs against local governments for investigation, reporting, and correcting such obligation and requires the Comptroller to report, in public session, investigation findings to the local government holding invalid debt. Authorizes the state funding board to find an individual or party responsible for nonperformance or noncompliance and impose a monetary penalty not to exceed the aggregate amount of interest accreted or accrued on the obligation.

**ESTIMATED FISCAL IMPACT:**

On March 31, 2011, a fiscal note was issued estimating a fiscal impact as follows:

*Decrease State Revenue – Not Significant/General Fund*

*Increase State Revenue – \$45,000/TLDA Fund*

*Increase State Expenditures – Not Significant*

*Increase Local Expenditures – \$45,000\**

*Due to an erroneous reference about the total revenue to the TLDA Fund, this impact was in error. Based upon additional information provided by the Comptroller, the estimated impact is:*

**(CORRECTED)**

**Increase State Revenue – \$45,000**

**Increase State Expenditures – Not Significant**

**Increase Local Expenditures – \$45,000\***

Assumptions:

- According to the Comptroller, the forfeiture of interest revenue as a result of invalid obligations to the General Fund does not regularly occur and will not have a significant impact on General Fund revenue.
- According to the Comptroller, the total number of cases in 2010 for which the Comptroller would have assessed a charge pursuant to this bill is approximately 20.

**HB 1478 - SB 1152 (CORRECTED)**

- According to the Comptroller, the investigation and remediation of invalid debt obligations will require 15 hours of staff time at \$150 per hour, resulting in an increase to state revenue of \$45,000 ( $\$150 \times 15 \text{ hours} \times 20 \text{ cases}$ ).
- The Comptroller currently investigates invalid debt obligations. Reporting findings to local governments holding invalid debt will not result in a significant increase to state expenditures.
- Local government expenditures will increase by an amount equal to the increase in state revenue.

**CERTIFICATION:**

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



James W. White, Executive Director

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