

**TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE**



FISCAL NOTE

SB 392 - HB 482

March 27, 2011

SUMMARY OF BILL: Authorizes the Commissioner of Revenue to contract with private entities for the collection of delinquent business taxes.

ESTIMATED FISCAL IMPACT:

Decrease Local Revenue – Exceeds \$10,000

Assumptions:

- The Department of Revenue (DOR) is currently authorized to contract with county clerks, in the case of business taxes levied by a county, or the appropriate city official, in the case of business taxes levied by a municipality.
- Any contracts that DOR enters into with private entities, in lieu of contracts that would have been entered into with local governments under current law, will cause an unknown shift of revenue from local governments to private entities. This will occur because DOR will pay the private entity for collection services rendered (typically a percentage of delinquent business taxes collected) as opposed to paying the respective local government entity the share of the delinquent business taxes collected.
- DOR contracts with private entities for the collection of delinquent business taxes.
- The fiscal impact of this bill is dependent upon several unknown factors such as the extent that DOR will contract with private entities, the extent of delinquent business taxes that private entities will attempt to collect, and the success rate of collection for the private entities. Given the extent of unknown factors, determining a precise fiscal impact for this bill is difficult. However, the recurring decrease in local government revenue is estimated to exceed \$10,000.
- Business tax revenue transferred to the state will not change by any significant amount.

CERTIFICATION:

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

A handwritten signature in blue ink that reads "James W. White". The signature is fluid and cursive, with the first name "James" written in a smaller, more compact style than the last name "White".

James W. White, Executive Director

/rnc