

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

SB 1111 – HB 1174

April 10, 2013

SUMMARY OF ORIGINAL BILL: Defines “publically funded entity” as a facility that receives state or local funds to support the facility’s operations. Requires a referendum before more than 30 percent of the assets of any publically funded entity within the respective local jurisdiction can be offered for sale or lease.

FISCAL IMPACT OF ORIGINAL BILL:

Other Fiscal Impact – To the extent any special referendum is held, there will be a permissive increase in local government expenditures estimated to exceed \$6,000. Any other fiscal impact to state and local governments cannot be determined due to multiple unknown factors.

SUMMARY OF AMENDMENTS (005085, 006264): Amendment 005085 deletes and rewrites subsection (b), which defines a “publically funded entity” as a facility that received state or local funds to support the facility’s operations, and excludes entities that receive funding from the Department of Economic and Community Development or the Department of Finance and Administration as a part of any economic development project as defined in Tenn. Code Ann. § 7-40-103. Amendment 006264 replaces the word “entity” with “utility” wherever it appears in the bill as amended by 005085.

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENTS:

Other Fiscal Impact – To the extent any special referendum is held, there will be a permissive increase in local government expenditures estimated to exceed \$6,000. Any other fiscal impact to local government cannot be determined due to multiple unknown factors. No impact to state government.

Assumptions for the bill as amended:

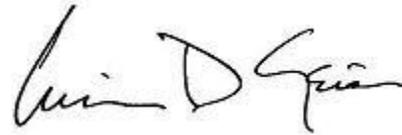
- According to the Division of Elections, if the referendum were held with a regularly scheduled election, there would be no additional cost; however if a special referendum were held, the cost would vary based on the size of the municipality electing to hold the

special referendum. Permissive costs would range from \$6,000 for a smaller local government, to as much as \$500,000, for a larger municipality.

- The bill as amended will make any fiscal impact applicable only to local governments as it pertains solely to the sale of publically funding utilities.
- The fiscal impact of this bill as amended, excluding any costs for holding special referenda, is dependent upon multiple unknown factors such as: the extent to which referenda will prevent the sale or lease of publicly funded utilities, or the assets of publicly funded utilities; the use of the utility property in the event the referenda allows the sale or lease compared to the value and use of the utility property in the event the referenda prevent its sale or lease; the extent to which property would be reassessed for taxation purposes if sold or leased under current law relative to any reassessment for the property under the provisions of this bill as amended; and the timing of any referenda and subsequent sale or lease of property. Given the extent of unknown factors, precise impact to local governments cannot be determined.

CERTIFICATION:

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



Lucian D. Geise, Executive Director

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