

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



**CORRECTED
FISCAL MEMORANDUM**

SB 197 – HB 191

June 20, 2013

SUMMARY OF ORIGINAL BILL: Increases, from 15 days to 20 days after the entry of an order, the time period that a party to a contested case, who deems to be aggrieved by a final order of the Tennessee Regulatory Authority (TRA) and who desires to have such order modified or set aside, has to file a written petition for rehearing.

FISCAL IMPACT OF ORIGINAL BILL:

NOT SIGNIFICANT

SUMMARY OF AMENDMENT (003640): Deletes all language after the enacting clause. Conforms the language of Tenn. Code Ann. §8-27-201(g) to the language found in Tenn. Code Ann. §65-1-116 that includes the TRA directors as state employees. Clarifies eligibility requirements for the Director of TRA. Establishes fee structures for TRA that reflect the regulatory environment based on deregulation of the telecommunications industry.

CORRECTED FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

On February 26, 2013 a fiscal memorandum was issued that stated a fiscal impact of:

Decrease State Revenue - \$1,100,000/Public Utility Account

Other Fiscal Impact – TRA is an entity that is self-funded through fees, fines, and penalty revenue. In order to offset the fee losses they are implementing, internal costs savings measures such as a hiring freeze on six vacant positions, a reduction in the number of state vehicles, a reduction in annual travel costs, a reduction in rent through moving to a smaller facility, and a freeze on equity increases for existing personnel. These measures would be in addition to the \$577,000 budget reduction in the FY13-14 proposed budget.

Based upon continued discussions with TRA, the Budget Division of the Department of Finance and Administration (F&A), the Legislative Budget Analysis Office, and staff of the Fiscal Review Committee, the fiscal impact of this bill as amended is being corrected to conform the language of the estimated impact to the language stated in the FY13-14 general appropriations

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act. This correction is necessary because \$577,000 of the \$1,100,000 decrease stated on the original fiscal memorandum was accounted for in the FY13-14 recommended budget. The remaining net impact estimated below captures the balance of the fiscal impact due to passage of the legislation.

(CORRECTED)

Decrease State Revenue – Net Impact - \$523,000/Public Utility Account

Decrease State Expenditures – Net Impact - \$523,000/Public Utility Account

Corrected assumptions for the bill as amended:

- Language in the bill as amended used to conform or clarify sections of code will not result in a fiscal impact to the state.
- TRA is a self-funding entity.
- The bill as amended will result in a decrease in the number of entities regulated by the TRA. Due to reduced regulation, the total amount of fee revenue generated by the TRA will decrease by \$1,100,000 per year. Because they are a self-funding entity, in anticipation of the decreased fee revenue, TRA previously implemented voluntary and recurring budget reductions in the FY13-14 budget of \$577,000. To account for the remaining recurring reduction in fee revenue of \$523,000 (\$1,100,000 - \$577,000), TRA will implement additional internal costs savings measures such as a hiring freeze on six vacant positions, a reduction in the number of state vehicles, a reduction in annual travel costs, a reduction in rent through moving to a smaller facility, and a freeze on equity increases for existing personnel. Therefore, the net impact of this legislation is a recurring decrease in state revenue of \$523,000 to the Public Utility Account, offset by a recurring decrease in state expenditures of \$523,000 to the Public Utility Account.

CERTIFICATION:

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



Lucian D. Geise, Executive Director

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