

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

SB 1742 – HB 1650

February 10, 2014

SUMMARY OF ORIGINAL BILL: Deletes language permitting a municipality to subsidize a public works system with tax revenues and a municipal utility system to operate a public works system as a special revenue fund. Defines a financially distressed utility district to be one that has either deficit total net position, is in default or an indebtedness, or has a negative change in net position for two consecutive years. Replaces the term “net assets” with the term “net position” as it related to the annual audited financial report and operations of a financially distressed utility district.

FISCAL IMPACT OF ORIGINAL BILL:

Other Fiscal Impact – There may be a shift in municipal tax revenues and funds of public works systems. Because this shift will occur between local government entities, the net impact to local government is estimated to be not significant.

IMPACT TO COMMERCE OF ORIGINAL BILL:

NOT SIGNIFICANT

SUMMARY OF AMENDMENT (012322): Deletes Sections 2 and 12 of the original bill in their entirety. Requires all water systems and wastewater facilities to utilize an enterprise fund for accounting and reporting its operations by July 1, 2016.

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

Unchanged from the original fiscal note.

Assumptions for the bill as amended:

- According to the Office of the Comptroller of the Treasury, the provisions of the bill as amended will not result in any significant impact to the agency.
- According to the Tennessee Association of Utility Districts, requiring water systems and wastewater facilities to utilize the enterprise fund by July 1, 2016 will not result in any significant fiscal impact to local governments.

SB 1742 – HB 1660

IMPACT TO COMMERCE WITH PROPOSED AMENDMENT:

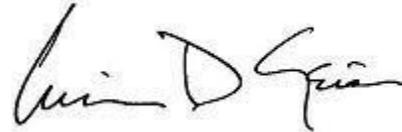
Unchanged from the original impact to commerce statement.

Assumption for the bill as amended:

- The provisions of this legislation as amended are applicable only to funds transferred between local government entities and terminology used in audits of municipal utility districts; therefore any impact to commerce throughout the state is estimated to be not significant.

CERTIFICATION:

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



Lucian D. Geise, Executive Director

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