

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

HB 1398 – SB 1836

March 20, 2014

**SUMMARY OF ORIGINAL BILL:** Prohibits the use of state funds to pay the indebtedness of any municipality.

FISCAL IMPACT OF ORIGINAL BILL:

Decrease State Expenditures – Exceeds \$500,000

Decrease Local Expenditures – Exceeds \$500,000

**SUMMARY OF AMENDMENTS (011836, 014489):** Amendment 011836 adds clarifying language that declares the provisions of the bill do not preclude any municipality from utilizing state-shared taxes for the purpose of paying public indebtedness. Amendment 014489 adds clarifying language that states that provisions of the bill would not limit the authority provided in Tenn. Code Ann., Title 9, Chapter 13, Part 2, or Title 9, Chapter 21, Part 7.

**FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:**

**Unchanged from the original fiscal note.**

Assumptions for the bill as amended:

- The fiscal impact for this bill is dependent on several unknown factors such as the number of municipalities that will receive state funds for current indebtedness, the number of municipalities that will receive state funds for future indebtedness, the extent of any municipal indebtedness, the extent of state funding that would be available in any given year for the purpose of a municipality's indebtedness, and the timing for which any payment of state funds would be made to a municipality.
- Any fiscal impact will be considered a recurring decrease in state expenditures and an equal recurring decrease in local government revenue. Given the extent of unknown factors, determining the precise impact for this bill is difficult. However, and based on information provided by the Department of Revenue, the recurring decrease in state expenditures, and the recurring decrease in local government revenue, is reasonably estimated to exceed \$500,000 per year.

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**CERTIFICATION:**

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



Lucian D. Geise, Executive Director

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