

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

HB 1535 - SB 1755

February 4, 2014

SUMMARY OF BILL: Requires certain local governments or local government instrumentalities to obtain the approval of the State Funding Board before issuing any balloon indebtedness on and after July 1, 2014. Authorizes the State Funding Board to delegate the duty of approval of balloon indebtedness of certain local governments to the Comptroller of the Treasury.

ESTIMATED FISCAL IMPACT:

Increase State Expenditures – Not Significant

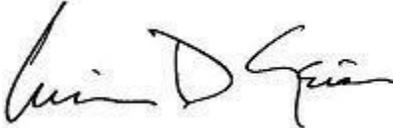
Other Fiscal Impact - If a plan for the issuance of balloon indebtedness by a local government is rejected by the State Funding Board or the Comptroller of the Treasury, local government could incur a fiscal impact. The exact fiscal impact is indeterminable due to multiple unknown factors

Assumptions:

- Pursuant to Tenn. Code Ann. § 4-3-306, the State Funding Board (SFB) is attached to the office of the Comptroller of the Treasury (COT) for all administrative purposes.
- According to COT, the provisions of the legislation will not result in an increase in state expenditures for staff or resources.
- According to COT, there will be a few instances in which a local government needs to issue balloon indebtedness that does not fall under one of the exceptions described in the legislation. COT assumes most local governments will restructure their repayment schedule to comply rather than submit balloon indebtedness proposals.
- It is assumed the required submission of plans by certain local government to SFB or COT prior to issuing any balloon indebtedness will not result in any significant impact to local government.
- However, in the event a local government submits a plan for issuance of balloon indebtedness and such plan is rejected by SFB or COT, the local government could incur a fiscal impact. The exact fiscal impact to local government is indeterminable due to multiple unknown factors such as, the purpose the local government was seeking to issue balloon indebtedness and how local government expenditures and revenues will be impacted by the inability to complete any project requiring the issuance of balloon indebtedness.

CERTIFICATION:

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



Lucian D. Geise, Executive Director

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