TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE

FISCAL NOTE

HB 1938 - SB 2283

February 28, 2014

SUMMARY OF BILL: Extends the property tax exemption for nonprofit housing for low-income elderly or disabled persons funded by a loan made, insured, or guaranteed by the federal government, after such loan is paid back.

ESTIMATED FISCAL IMPACT:

Decree Local Revenue – Exceeds $600,000/FY15-16 to FY18-19
Exceeds $2,000,000/FY19-20 to FY48-49
Exceeds $2,200,000/FY49-50 and Subsequent Years

Assumptions:

- Pursuant to Tenn. Code Ann. §67-5-207, eligibility for property tax exemption lasts only until such properties pay back their federal loan in full. The provisions of the bill would extend the current property tax exemption.
- According to the Comptroller of the Treasury (COT), there are 12 properties in Davidson County exempt under current law, representing approximately $1,200,000 in foregone local government property tax revenue. Under the current law, these properties would gradually return to the tax roll as each property's federally assisted loan is repaid.
- Based on information provided by COT, under current law by 2015 one of these properties will return to the tax roll, which would result in an increase in local government property tax revenue of approximately $150,000 for Davidson County, and by 2019 two larger properties would return to the Davidson County tax roll resulting in an increase in local government property tax revenue of approximately $500,000.
- COT estimates all 12 properties would be returned to the tax roll by 2049, which would result in an increase in local government property tax revenue of approximately $550,000 ($1,200,000 total assessed value - $650,000 returned to tax roll) for Davidson County.
- The provisions of the bill would prevent such properties from returning to the property tax roll resulting in a recurring decrease in local government property tax revenue.
- Hamilton, Knox, and Shelby counties would experience similar decreases in local revenue.
- It is estimated the total recurring decrease in local government property tax revenue would exceed $600,000 ($150,000 x 4 total urban counties) in FY15-16, exceed

$2,000,000 ($500,000 x 4 total urban counties) in FY19-20, and exceed $2,200,000 ($550,000 x 4 total urban counties) in FY49-50.

CERTIFICATION:

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

Lucian D. Geise, Executive Director

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