

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



**CORRECTED  
FISCAL NOTE**

**SB 1247 - HB 1134**

March 17, 2014

**SUMMARY OF BILL:** Exempts National Basketball Association (NBA) players and National Hockey League (NHL) players from paying occupational privilege tax

**ESTIMATED FISCAL IMPACT:**

On March 6, 2013, a fiscal note was issued estimating a fiscal impact as follows:

*Decrease Local Revenue – \$1,590,000/FY12-13  
\$3,500,000/FY13-14 and Subsequent Years*

This corrected fiscal note updates the estimated impact using most recent information available. Based on this information, the estimated fiscal impact is:

**(CORRECTED)**

**Decrease Local Revenue – \$2,160,000/FY13-14  
\$3,600,000/FY14-15 and Subsequent Years**

Corrected Assumptions:

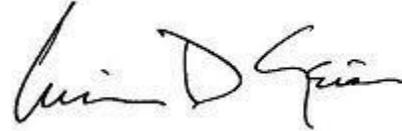
- Pursuant to Tenn. Code Ann. § 67-4-1702(a)(7) and Tenn. Code Ann. § 67-4-1703(d), NBA and NHL players are subject to a \$2,500 tax per game played in Tennessee, with a three game annual cap, due and payable on June 1 of each year.
- Pursuant to Tenn. Code Ann. § 67-4-1703(e), all taxes collected from NBA or NHL players are deposited into a municipal government fund located in the municipality where the game is played.
- According to the Department of Revenue, occupational privilege tax collections from NBA and NHL players were \$3,600,000 in FY12-13. This number is assumed to remain constant into perpetuity under current law.
- The recurring decrease in local government revenue is estimated to be \$3,600,000.
- Based on historical occupational privilege tax collections, it is estimated that 40 percent of NBA and NHL occupational privilege tax returns will be filed prior to the effective date of the bill (effective upon becoming a law). The remaining 60 percent of returns will not be filed as a result of the effective date of the bill. The resulting one-time decrease in local government revenue in FY13-14 is estimated to be \$2,160,000 (\$3,600,000 x 60.0%).

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- Any additional expenditures by NBA and NHL players on sales-taxable goods and services as a result of tax savings realized by this bill are estimated to be not significant.

**CERTIFICATION:**

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

A handwritten signature in black ink, appearing to read "Lucian D. Geise". The signature is written in a cursive style with a large initial "L".

Lucian D. Geise, Executive Director

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