

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



**CORRECTED
FISCAL MEMORANDUM**

SB 822 – HB 978

April 7, 2015

SUMMARY OF ORIGINAL BILL: Enacts the Tennessee Native Species Lumber Act, by authorizing any commercial sawmill operator, when requested by an end user, to certify in writing to a purchaser that lumber is equal to or better than number two grade (No. 2) in accordance with American Softwood Standard PS 20-70 of the United States Department of Commerce. Defines the terms “agricultural building”, “commercial sawmill”, “end user”, “grader”, and “native timber” for the purposes of the act. Requires certification include the name of the wood species; the quantity of wood certified; the location where the wood is to be used; whether or not the wood is seasoned; the name of the commercial sawmill where the wood was cut; the name of the grader; and the date on which the wood was cut at the commercial sawmill and graded. Requires code officials accept certification in lieu of grade stamp requirements. Requires any person who uses native timber harvested from and used on the person’s property to certify, if required, that lumber meets building code requirements. Requires no certification for native lumber used for an agricultural building.

FISCAL IMPACT OF ORIGINAL BILL:

NOT SIGNIFICANT

SUMMARY OF AMENDMENT (005238): Deletes all language of the original bill. Authorizes a certified operator of any commercial sawmill to certify in writing to the purchaser that the quality and safe working stresses of the lumber are equal to or better than number two grade lumber. Requires the University of Tennessee, through the Agriculture Extension Service, to offer a course in grading lumber to owners and designated employees of commercial sawmills. Requires the grading lumber course to be offered biannually in each grand division of Tennessee. Requires the Department of Agriculture to promulgate rules to implement and administer the certification program. Establishes a course fee to defray the cost of implementing and administering the certification program.

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

On March 30, 2015, a fiscal memorandum was issued for the amended bill with the following estimated fiscal impact:

*Increase State Expenditures - \$8,900/One-Time
\$31,800/Recurring*

SB 822 – HB 978 (CORRECTED)

On April 7, 2015, an error was discovered in the analysis of the amendment. As a result, a corrected fiscal memorandum is being issued with the following corrected impact:

(CORRECTED)

Increase State Revenue –

\$40,600/Agriculture Extension Service/FY15-16

\$31,800/Agriculture Extension Service/FY16-17 and Subsequent Years

Increase State Expenditures –

\$40,600/Agriculture Extension Service/FY15-16

\$31,800/Agriculture Extension Service/FY16-17 and Subsequent Years

Corrected assumptions for the bill as amended:

- Six classes will be offered annually.
- Based on the information received by the Department of Agriculture (DOA), it is assumed that each class will encompass three eight hour sessions.
- Based on the information received by DOA, the one-time increase in state expenditures is estimated to be \$8,875 (\$5,000 for curriculum development + \$3,875 for promulgation of rules).
- Based on the information received by DOA, the recurring increase in state expenditures for instruction and training classes are estimated to be \$21,750.
- DOA indicates the department will contract with a certifying body that will result in recurring state expenditures of \$10,000.
- The total increase in state expenditures in FY15-16 is estimated to be \$40,625 (\$8,875 + \$21,750 + \$10,000); the recurring increase in state expenditures beginning in FY16-17 is estimated to be \$31,750 (\$21,750 + \$10,000)
- Pursuant to subsection (d)(2) of Section 1 of the amended bill, the DOA shall promulgate rules to implement and administer the program, including establishing a course fee in an amount sufficient to defray cost of implementation and administration. As a result, the increase in state revenue in FY15-16 is estimated to be \$40,600; the recurring increase in state revenue is estimated to be \$31,800. Such revenue will be a dedicated source of revenue presumed to be utilized by the Agriculture Extension Service for purposes as specified by the amended bill.

CERTIFICATION:

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



Jeffrey L. Spalding, Executive Director

/rnc