

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



**FISCAL NOTE**

**HB 1628 - SB 1616**

January 31, 2016

**SUMMARY OF BILL:** Reduces, from 20 to 10 percent, the prosecution penalty Montgomery County shall impose on a suit to enforce a tax lien against real or personal property. Such penalties shall be used to defray the costs of these types of suits.

**ESTIMATED FISCAL IMPACT:**

**Decrease Local Revenue –  
Exceeds \$11,900/Montgomery County/Mandatory\***

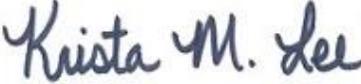
Assumptions:

- This bill is only applicable to Montgomery County. No fiscal impact to the state government or other local government entities.
- Pursuant to Tenn. Code Ann. §67-5-2410(1)(B), Montgomery County and Knox County must impose a penalty of 20 percent on a suit to enforce a tax lien and any revenue received as a result of imposing this penalty shall be used to defray the expenditures related to prosecuting such suits.
- According to the FY15-16 adopted Montgomery County budget, a total of \$477,000 was budgeted for litigation tax revenue. It is reasonable to assume at least five percent of the budgeted litigation tax revenue that Montgomery County currently collects will be derived from the current 20 percent penalty imposed on tax lien suits; therefore, the minimum estimated amount of revenue derived from the current penalty applicable to these cases is estimated to be \$23,850 ( $\$477,000 \times 5.0\%$ ).
- Reducing the mandatory penalty imposed on suits involving tax liens against real property by 50 percent will result in a mandatory and recurring decrease to Montgomery County litigation tax revenue by an amount estimated to exceed \$11,925 ( $\$23,850 \times 50.0\%$  tax reduction).

\*Article II, Section 24 of the Tennessee Constitution provides that: *no law of general application shall impose increased expenditure requirements on cities or counties unless the General Assembly shall provide that the state share in the cost.*

**CERTIFICATION:**

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



Krista M. Lee, Executive Director

/amj