

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



**FISCAL NOTE**

**HB 1846 - SB 1897**

February 9, 2016

**SUMMARY OF BILL:** Exempts the lessees of certain properties from paying property tax, if the lessee is leasing real property from a government entity pursuant to Tennessee Code Annotated, Title 13, Chapter 20 (commonly known as the Housing Authorities Law).

**ESTIMATED FISCAL IMPACT:**

**NOT SIGNIFICANT**

Assumption:

- Pursuant to Tenn. Code Ann. § 67-5-203(a), all property of the United States, the state of Tennessee, of any county or any incorporated town, city, or of a taxing district in the state that is used exclusively for a public, county, or municipal purpose is exempt from taxation.
- Pursuant to Tenn. Code Ann. § 67-5-203(e), real property owned by any political subdivision of the state that is leased or conveyed in any manner to a person, corporation, or other business entity is assessed for the purposes of property taxes, as if the lessee were the owner of the property if: (1) the lease or other transfer agreement is for a period of 50 years or greater; or (2) the lease permits the lessee to acquire the real property for a nominal sum at or before the completion of the term of the lease.
- Based on information from local sources, there is an established process for local governments to approve and enter into lease arrangements for property owned by a local government. This process includes an evaluation of the reduction in property taxes that may result from such leases. Therefore, it is estimated that the fiscal impact to local government is not significant.

**CERTIFICATION:**

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

A handwritten signature in blue ink that reads "Krista M. Lee".

Krista M. Lee, Executive Director

/amj

**HB 1846 - SB 1897**