

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



**FISCAL NOTE**

**HB 1850 – SB 2417**

February 26, 2016

**SUMMARY OF BILL:** Expands the definition of sewerage system to include the installation of green infrastructure practices, including, but not limited to: trees, tree boxes, vegetated roofs, infiltration strips, rain gardens, cisterns, dry wells, permeable pavement, soil amendments, pocket wetlands, and vegetated swales. At the discretion of an incorporated town or city, green infrastructure practices may be implemented on both public and private property.

**ESTIMATED FISCAL IMPACT:**

**Increase Local Revenue – Exceeds \$5,000/Permissive**

**Decrease Local Expenditures – Net Impact - Exceeds \$5,000/Permissive**

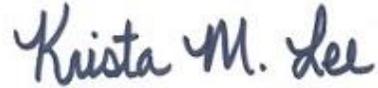
Assumptions:

- The bill does not require an incorporated city or town to implement green infrastructure practices. Any action taken by a city or town is permissive.
- Based on information from the Department of Environment and Conservation (TDEC), this bill will have no fiscal impact on state government.
- To the extent cities and towns implement and install green infrastructure; there will be a permissive and recurring increase in local government expenditures estimated to exceed \$5,000 statewide for the initial outlay costs related to development and installation, as well as for on-going operational and maintenance costs.
- The recurring increase in local government expenditures will be offset by a rate increase to aid in the financing of the project and for covering the on-going operational costs. The permissive and recurring increase in local revenue derived from such rate increases is reasonably estimated to exceed \$5,000 statewide.
- Based on information provided by TDEC, and based on the presumption that local entities will not undertake green infrastructure projects unless such projects are economically beneficial and there is a reasonable likelihood that future reductions in local government expenditures relative to storm water management will exceed and therefore justify any initial outlay costs related to development and installation, it is anticipated that over the lifespan and the time of usefulness of any project, the installation of green infrastructure practices will eventually lead to a net permissive decrease in local government expenditures. Taking the initial outlay of expenditures

into account, along with the eventual expenditure reductions, the net recurring decrease in local expenditures is estimated to average at least \$5,000 per year over the lifespan and usefulness of all projects statewide.

**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". The signature is written in a cursive, flowing style.

Krista M. Lee, Executive Director

/amj