

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



FISCAL NOTE

HB 1997 - SB 2083

February 20, 2016

**SUMMARY OF BILL:** Prohibits a municipality from holding an election on an advertising tax levy for a period of five years following any previous election on an advertising tax levy.

**ESTIMATED FISCAL IMPACT:**

**Other Fiscal Impact – To the extent a municipality would levy an advertising tax in the absence of this bill, and such levy would be prohibited under the provisions of this bill, the municipality would incur a mandatory impact characterized as an unknown amount of forgone local revenue; any such forgone amount of local revenue cannot be determined because any such impact is dependent upon multiple unknown factors.**

Assumptions:

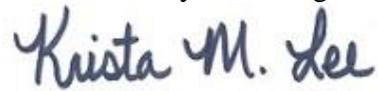
- Pursuant to Tenn. Code Ann. § 6-54-201(a), municipalities are responsible for municipal advertising and tourist promotion. The bill will not have any fiscal impact on state government.
- Pursuant to Tenn. Code Ann. § 6-54-201(b), the governing body of any municipality is empowered to levy annually a special advertising tax not to exceed \$0.02 cents on each \$100 of the annual tax aggregate for the purpose of establishing and maintaining a fund for advertising the commercial, social, agricultural, industrial, scenic, historical, and educational advantages of the municipal community.
- Pursuant to Tenn. Code Ann § 6-54-203(a), if a municipality fails to levy a special advertising tax at the regular tax levy and 5 percent or more registered voters sign a petition requesting it, the governing body is required to call an election to be held at the next regular municipal election to determine if an advertising tax will be levied and collected.
- The precise number of municipalities currently levying advertising taxes; the frequency in which municipalities levy the advertising tax; the frequency of registered voter petitions resulting in advertising tax levies appearing on voter ballots; and the result of any election is unknown.
- The provisions of the bill will restrict the frequency in which registered voters could petition for a vote to increase advertising taxes, if a municipality did not levy the tax at the time of the regular tax levy. In instances where municipalities do not levy an advertising tax and voters would otherwise petition to vote to levy an advertising tax

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more often than once every five years, local governments may experience forgone advertising tax revenue. The amount of any forgone local revenue cannot be reasonably quantified.

**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