

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

SB 499 – HB 488

July 24, 2015

SUMMARY OF BILL: Requires local governments to provide a means for applying or renewing business licenses through the internet by January 1, 2016

ESTIMATED FISCAL IMPACT:

Increase Local Expenditures - \$4,174,500/One-Time*
\$2,058,000/Recurring*

Assumptions:

- This bill is not relevant to state government operations.
- Among the 95 counties in Tennessee, 64 have a website, and only 40 of those provide a web-based solution for paying business renewal and application licensing fees. Thus, in some way, 55 counties will see an increase in expenditures from this legislation.
- Among the 342 municipalities in Tennessee, 210 have websites, of which 207 collect fees for renewal and application of business licenses. Thus, 135 municipalities will see an increase in expenditures from this legislation.
- The Office of the Comptroller of the Treasury (COT) reports that local governments will see a one-time increase of \$4,174,500 for the development of websites as well as web based solutions for payment of renewal and application fees for business licenses.
- The COT also reports that as a result of this bill, there will be a recurring increase in local government expenditures for maintenance of websites as well as the web-based payment solution of \$2,058,000.

IMPACT TO COMMERCE:

Increase Business Revenue - \$4,174,500/One-Time
\$2,058,000/Recurring

Assumptions:

- Businesses will continue to be responsible for payment of application and renewal fees for business licenses.

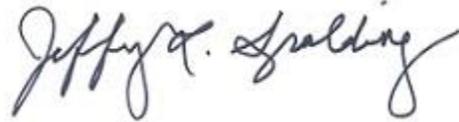
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- Local government expenditures for the development of websites and online payment capability of application and renewal of fees for business licenses will be paid to private sector vendors. Thus, a one-time increase and a recurring increase in business revenue of \$4,174,500 and \$2,058,000 respectively.

*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.



Jeffrey L. Spalding, Executive Director

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