TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE

FISCAL NOTE

SB 1395 - HB 1371

March 8, 2015

SUMMARY OF BILL: Authorizes counties by ordinance or resolution to prohibit utility districts from requiring existing residential customers to connect to an extended sewer system, if the system is paid for entirely by the county; prohibits utility districts from charging customers who have not connected more than the minimum sewer fee charged to any other customer.

ESTIMATED FISCAL IMPACT:

Other Fiscal Impact – No impact to state government. To the extent any county enacts an ordinance or resolution preventing a utility district from requiring connection to a sewer system, the county will incur a permissive decrease in revenue, and potentially a permissive increase in local expenditures. The extent of any such impacts is dependent upon multiple unknown factors and cannot be quantified.

Assumptions:

- The Tennessee Department of Environment and Conservation reports that loans from the State Revolving Loan Fund Program for infrastructure improvements require that a utility be able to show that it can pay back loans for infrastructure improvements with its existing customer base.
- This bill will have no impact on state operations; therefore, the fiscal impact for state government is estimated to be not significant.
- This bill is permissive to local governments in that it authorizes county legislative bodies to decide whether utility districts are authorized to require connection to sewer extensions.
- To the extent a county elects by ordinance to prohibit a utility district from requiring customer connection to an extended sewer system which it has funded, there will be a permissive decrease in local revenue; further to the extent that counties have issued bonds to pay for the extension and are unable to repay them in a timely manner, the county's debt service costs could increase, and the county would see an increase in local expenditures; however, due to several unknown factors such as the number of counties that will adopt such ordinances, the extent of any permissive reduction in local revenue, and the total permissive increase in expenditures from potentially increasing debt service costs, a precise impact to local governments cannot be determined.

CERTIFICATION:

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

Jeffrey L. Spalding, Executive Director

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