

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

SB 53 – HB 261

May 8, 2017

**SUMMARY OF ORIGINAL BILL:** Continues permanent rules filed with the Secretary of State after January 1, 2016, and schedules Tennessee Auctioneer Commission Rule 0160-01-.28 to expire upon this bill becoming law.

FISCAL IMPACT OF ORIGINAL BILL:

NOT SIGNIFICANT

**SUMMARY OF AMENDMENT (008104):** Adds language to the original bill which would require rule 1320-05-01 promulgated by the Department of Revenue (DOR) to expire upon this bill as amended becoming law.

**FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:**

**Other Fiscal Impact - Expiration of Rule 1320-05-01-.129 could result in forgone state revenue estimated to exceed \$160,493,400 as well as forgone local revenue estimated to exceed \$59,423,000 pending a court ruling.**

Assumptions for the bill as amended:

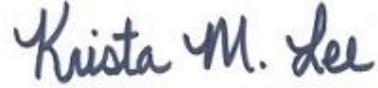
- The continuation of permanent rules beyond the current expiration date of June 30, 2017, and expiration of the rule relative to online auctions will not result in any significant fiscal impact to state or local government.
- The Tennessee Department of Revenue (DOR) filed rule 1320-05-01-.129 with the Secretary of State (SOS) on October 3, 2016; which, pursuant to Tenn. Code Ann. § 4-5-207, became effective 90 days after the filing.
- Rule 1320-05-01-.129 requires certain out-of-state dealers to collect and remit the appropriate sales and use taxes collected to the DOR beginning July 1, 2017.
- The proposed language would require the expiration of such rule which became effective January 1, 2017, prior to the collection and remittance of sales and use taxes to the DOR resulting in forgone state and local revenue.
- Based on information provided by the DOR, the expiration of Rule 1320-05-01-.129 will result in recurring forgone state revenue estimated to exceed \$160,493,383 as well as recurring forgone local revenue estimated to exceed \$59,423,013.

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- Litigation regarding this rule is currently pending; therefore it is assumed the DOR will not collect any revenue prior to a favorable ruling being issued.

**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

/jrh