

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



**FISCAL MEMORANDUM**

**HB 2338 – SB 2292**

March 27, 2018

**SUMMARY OF ORIGINAL BILL:** Deletes certain training requirements established by Public Chapter 118 of 2017 for certain municipal utility board commissioners.

**FISCAL IMPACT OF ORIGINAL BILL:**

Decrease Local Expenditures – \$12,500/Permissive

**IMPACT TO COMMERCE OF ORIGINAL BILL:**

NOT SIGNIFICANT

**SUMMARY OF AMENDMENTS (015714, 016115):** Amendment 015714 deletes all language after the enacting clause. Requires the Comptroller of the Treasury (COT) to provide online training and continuing education to municipal utility board commissioners, beginning no later than March 1, 2019. Authorizes any appropriate association or organization to offer such online training and continuing education, pending approval of the curriculum by the COT. Authorizes commissioners to attend one or more of the online courses in lieu of attending in-person.

Amendment 016115 adds language which (1) reduces, from 12 to 7, the total number of training and continuing education hours a municipal utility board commissioner must attend annually; and (2) exempts any municipal utility board commissioner who has served for 8 years or more from the training and continuing education requirements.

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

Decrease Local Expenditures – \$14,700/Permissive

**HB 2338 – SB 2292**

*Assumptions relative to applicability of training:*

- Public Chapter 118 required all commissioners of municipal utility systems to attend a total of 24 hours of training and continuing education every four years; 12 hours during the first year of their term and 12 hours over the course of the succeeding three years.
- The proposed language would lower the required number of hours of training and continuing education annually from 12 to 7 and exempt commissioners who have served for eight or more years from the training requirements.
- The proposed language would authorize applicable commissioners of municipal utility system boards which supervise, control, or operate a public water or public sewer system to attend online training and continuing education provided by the COT and any appropriate association or organization whose curriculum is approved by the COT.
- A precise number of applicable boards and commissioners statewide is unknown; however, it is reasonably estimated this proposed language will apply to 50 boards containing 5 commissioners each.
- While it is unknown how many commissioners will be exempted from the training requirements in any given year, it is reasonably estimated that the 50 boards statewide will contain 3 commissioners, or 150 commissioners (50 boards x 3 commissioners), who will be required to attend training and authorized to attend such training and continuing education online.
- It is estimated that two members serving on each board, or 100 commissioners (50 boards x 2 commissioners) statewide, will be exempted from attending training and continuing education annually.

*Assumptions relative to online training:*

- According to the COT, costs for developing an online training and continuing education program can be accomplished using existing resources and staff; therefore any increase in state expenditures is estimated to be not significant.
- According to the COT, the COT does not plan on charging a fee to participants of the online training and continuing education courses; therefore any increase in state revenue is estimated to be not significant.
- Pursuant to Public Chapter 118, entities wishing to provide training to the commissioners were required to submit a copy of the proposed curriculum to the COT for approval.
- The proposed language would authorize such entities to also provide online training and continuing education.
- The Tennessee Association of Utility Districts (TAUD) currently provides training to utility districts at a rate of \$100 per person per year. It is reasonable to assume that TAUD and similar organizations were approved by the COT to provide training to municipal utility boards and that training for municipal utility board commissioners is comparable in cost to training currently provided to utility district members.
- Such entities choosing to establish online training will charge a nominal fee to offset costs associated with creating the course. Such fee is estimated to be \$25 per person per course attended online.

- In the event the COT does not charge a fee for online training and continuing education, approximately 50 percent of applicable municipal utility board commissioners will attend the required training online through the COT, instead of attending training or continuing education through a COT-approved organization or association.
- Commissioners opting to attend online training provided by the COT will result in a permissive recurring decrease in local government expenditures of \$7,500 [(150 applicable commissioners x 50%) x \$100 per commissioner].
- Approximately 25 percent of applicable commissioners will attend online training and continuing education provided by a COT-approved organization at a lower rate than offered through in-person training.
- Commissioners opting to attend online training provided by COT-approved organizations instead of in-person training through such organizations will result in a permissive recurring decrease in local government expenditures of \$2,813 [(150 commissioners x 25%) x (\$100 average in-person training fee - \$25 average online training fee)].

*Assumptions relative to exempted commissioners:*

- It is estimated that 25 percent of the commissioners who will be exempted from the required training would have previously attended in-person training through a COT-approved organization; while an additional 25 percent of such commissioners would have attended online training through a COT-approved organization.
- Deleting the required training will result in a permissive recurring decrease in local government expenditures of \$4,375 {[(100 exempted commissioners x 25%) x \$100 average in-person training fee] + [(100 exempted commissioners x 25%) x (\$100 average in-person training fee - \$25 average online training fee)]}.

*Assumptions relative to total impact:*

- The total permissive recurring decrease in local government expenditures is estimated to be \$14,688 (\$7,500 COT online training + \$2,813 COT-approved organization online training + \$4,375 exempted commissioners).
- Any decrease in revenue to TAUD or similar organizations as a result of a decrease in in-person attendance for training will be met with a corresponding decrease in expenditures for training materials no longer required; and any increase in the expenditures for such entities for development of an online training and continuing education course is estimated to be met with a corresponding increase in revenue to offset such development costs. Therefore, the net impact to such entities is considered not significant.

**IMPACT TO COMMERCE WITH PROPOSED AMENDMENTS:**

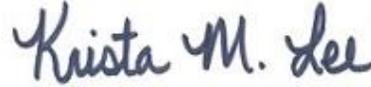
**Unchanged from the original fiscal note.**

Assumptions for the bill as amended:

- Any decrease in revenue received by private entities for providing in-person training to municipal utility board commissioners will be met with a corresponding decrease in expenditures for training materials no longer required; therefore any impact is considered not significant.
- Any increase in expenditures realized by private entities for developing online training and continuing education courses will be offset by fees charged by such private entities to participants for attending such online training; therefore any impact is considered not significant.
- Any impact on jobs in Tennessee is considered not significant.

**CERTIFICATION:**

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



Krista M. Lee, Executive Director

/jrh