

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

HB 1593 - SB 1744

February 22, 2018

SUMMARY OF BILL: Exempts from Franchise and Excise (F&E) liability any taxpayer whose combined F&E tax liability would otherwise be less than:

- \$100 for a tax year beginning on or after July 1, 2018 and prior to July 1, 2019;
- \$250 for a tax year beginning on or after July 1, 2019, and prior to July 1, 2020; or
- \$500 for a tax year beginning on or after July 1, 2020, and for subsequent years.

ESTIMATED FISCAL IMPACT:

Decrease State Revenue - \$6,059,000/FY19-20
\$8,393,000/FY20-21
\$13,173,000/FY21-22 and Subsequent Years

Assumptions:

- The proposed exemptions apply to tax years beginning on or after July 1, 2018. The first F&E tax returns affected would be due on October 15, 2019. As a result, FY19-20 will be the first fiscal year impacted by the proposed legislation.
- According to the Department of Revenue and based on F&E tax returns filed for tax year 2016, the following shows the tax year, the number of taxpayers that will be exempted, and the expected total decrease in F&E tax revenue:
 - FY19-20: 61,133 taxpayers, \$6,059,000 decrease in state revenue;
 - FY20-21: 75,602 taxpayers, \$8,393,000 decrease in state revenue;
 - FY21-22: 88,926 taxpayers, \$13,173,000 recurring decrease in state revenue.
- The Fiscal Review Committee staff does not have access to this confidential data and analysis and cannot independently verify their accuracy.

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".

Krista M. Lee, Executive Director

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