

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

HJR 459

May 1, 2017

SUMMARY OF BILL: Resolves that the 110th General Assembly call for a halt to statewide facilities management and state park outsourcing processes for one year until the General Assembly is able to study and understand the effects on public services, the economy, and state workers.

ESTIMATED FISCAL IMPACT:

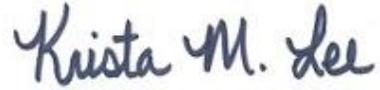
Other Fiscal Impact – Should the resolution result in a halt to outsourcing contracts, there could be an increase in state expenditures of \$15,551,695 in FY17-18 and a reduction of revenue beginning in FY18-19 of \$50,500.

Assumptions:

- Should the resolution result in a delay in contract procurement or modification of any statewide facilities management and state park outsourcing processes for one year, there will be a fiscal impact.
- It is assumed that the Tennessee Technological University, University of Tennessee, University of Memphis, University of Tennessee Health Science Center, and the Tennessee School for the Blind will participate in the facilities management contract in FY17-18 under current law.
- The five universities make up only 34 percent of the state's non Facilities Revolving Fund real estate portfolio. The current annual operating cost for the five universities is estimated to be \$97,681,566. The annual operating cost for such universities under the facilities management contract is estimated to be \$82,129,871. Therefore, under current law, the state would realize savings of \$15,551,695 (\$97,681,566 - \$82,129,871) in FY17-18 for operations of the five universities.
- This bill as amended is therefore estimated to result in an increase in state expenditures of at least \$15,551,695 in FY17-18.
- The Department of Environment and Conservation is estimated to experience a decrease in revenue from revenue-sharing contracts that will no longer be renewed through the state park outsourcing processes. A decrease in state revenue of \$50,500 in FY18-19, \$73,300 in FY19-20 and FY20-21, \$100,700 in FY21-22 and FY22-23, and a decrease exceeding \$135,700 in FY23-24 and subsequent years.

CERTIFICATION:

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

A handwritten signature in black ink that reads "Krista M. Lee". The signature is written in a cursive, flowing style.

Krista M. Lee, Executive Director

/jdb