

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



**FISCAL NOTE**

**SB 1739 - HB 2063**

February 24, 2018

**SUMMARY OF BILL:** Entitles a municipality, which has an other post-employment benefit trust (OPEB) that is 55 percent or more funded, to receive an amount equal to 0.25 percent of state sales and use tax collected and remitted by dealers within such municipality. Such amount must be earmarked for and allocated to the respective OPEB trust and paid from the General Fund (GF) from funds that would have otherwise been allocated to the GF.

**ESTIMATED FISCAL IMPACT:**

**Decrease State Revenue - \$1,489,100**

**Increase Local Revenue - \$1,489,100**

Assumptions:

- An effective date of July 1, 2018.
- Based on information provided by the Comptroller's office, the following nine municipalities have OPEBs which are 55 percent or more funded: Brentwood, Bristol, Collierville, Columbia, Elizabethton, Germantown, Knoxville, Rockwood, and Sweetwater.
- According to the Department of Revenue, the total amount of state sales and use tax collections that were collected in such nine municipalities over the last 12 months, against which such 0.25 percent allocation would be imposed, is \$595,647,533. This number is assumed to remain constant into perpetuity under current law.
- The recurring decrease in state revenue, and an equivalent recurring increase in local revenue, is estimated to be \$1,489,119 ( $\$595,647,533 \times 0.25\%$ ).

**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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