

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

HB 74 - SB 1101

March 11, 2019

**SUMMARY OF ORIGINAL BILL:** Creates a process by which a property owner may appeal a decision of a housing authority concerning a transit-oriented redevelopment project (TORP) to a legislative appeal board. Authorizes the limitation of the amount of tax increment financing revenues which may be set aside for administrative expenses in certain circumstances.

FISCAL IMPACT OF ORIGINAL BILL:

NOT SIGNIFICANT

**SUMMARY OF AMENDMENT (005406):** Deletes and rewrites all language after the enacting clause such that the only substantive change would authorize the General Assembly to appoint two additional members to serve on a Legislative Appeal Board.

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

**Unchanged from the original fiscal note.**

Assumptions for the bill as amended:

- Tennessee Code Annotated § 13-20-704(a)(1) provides that a housing authority shall not initiate any TORP until the governing body of the applicable municipality has approved the TORP.
- According to the Tennessee Association of Housing Redevelopment Authorities, no TORPs have ever been approved by a municipal governing body.
- The proposed legislation creates a legislative appeal board consisting of the municipal governing body, members of the General Assembly who represent the area where the TORP is located, and two additional members of the board to be appointed by the General Assembly. It is assumed the board members appointed by the General Assembly will be citizen members.
- The legislative appeal board is required to meet quarterly, unless no appeal has been filed.

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- Meetings of the legislative appeal board are required to be held in a location convenient to all parties. Meetings will be held in the district of the TORP. Legislative members will receive no compensation but will be eligible for reimbursement for travel expenses; however, the total increase in state expenditures associated with such reimbursement is estimated to be below \$50 and thus not significant.
- Pursuant to Tenn. Code Ann. § 9-23-102(18), the term “tax increment revenues” means incremental property tax revenues to be allocated by a taxing agency to a tax increment agency.
- Pursuant to Tenn. Code Ann. § 9-23-105, up to five percent of tax increment revenues may be set aside for expenses associated with the administration of the revenues. The proposed legislation would limit this amount to no more than 3 percent when the tax increment financing is for a TORP in an amount of \$1,000,000 or more. This would cause a two percent decrease of such property tax revenue available to a TORP and a two percent increase available for the general purposes of the local entity. No change in local government revenue.
- Limiting the amount of revenue which may be utilized for administrative purposes will not result in any significant fiscal impact to local government.

**CERTIFICATION:**

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



Krista Lee Carsner, Executive Director

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