

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

HB 327 - SB 355

March 18, 2019

SUMMARY OF ORIGINAL BILL: Changes, from large and mid-size to mid-size and small, the counties whose Industrial Development Boards (IDBs) may be authorized to utilize certain tax revenue when redeveloping eligible brownfield sites. Prohibits certain IDBs from receiving certain local tax allocations after the maturity of certain debt obligations, and requires such debt obligations to mature no later than 30 years after issuance.

FISCAL IMPACT OF ORIGINAL BILL:

Other Fiscal Impact – Due to multiple unknown variables, a precise impact to local government revenue cannot reasonably be determined.

SUMMARY OF AMENDMENT (005935): Deletes and rewrites all language after the enacting clause such that the substantive changes (1) remove the required designation of county size; (2) remove minimum acreage requirements, (3) expands the definition of a qualified cost for which certain tax revenues may be utilized, and (4) expands the designation which must be obtained in order to qualify as a redevelopment zone.

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

Unchanged from the original fiscal note.

Assumptions for the bill as amended:

- Pursuant to Tenn. Code Ann. § 7-53-316, IDBs located within 16 counties are authorized, upon approval of an economic impact plan, to utilize certain local sales and property taxes to pay certain expenses of the IDB related to the redevelopment of eligible brownfield sites. In order to be an eligible brownfield site, it must be located within an area with certain designations by the United States Department of Housing and Urban Development (HUD).
- The proposed legislation would authorize IDBs located in the state to utilize certain local sales and property taxes for eligible brownfield site redevelopment; however, any eligible brownfield site would require the same HUD designations or be a qualified opportunity zone.

- The proposed legislation would prohibit the IDB within Davidson County as well as any IDB redeveloping eligible brownfield sites from issuing debt obligations for longer than 30 years and from utilizing the local sales and property tax revenue beyond the maturity of the debt obligation for which such revenue was initially utilized.
- It is unknown how many eligible brownfield sites are located throughout the state, if any IDBs will be approved by the local government to redevelop such sites, the extent and timing of any permissive decrease in local sales and property tax revenue for a participating local government, the extent and timing of any corresponding increase in revenue to the IDB, the extent and timing of any revenue which may be experienced by newly eligible local governments upon completion of the redevelopment, and the extent and timing for any impact to local revenue for newly ineligible local governments who will no longer be authorized to utilize the tax revenue scheme established for redevelopment of eligible brownfield sites.

CERTIFICATION:

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

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

Krista Lee Carsner, Executive Director

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