

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

SB 308 - HB 377

March 21, 2019

**SUMMARY OF ORIGINAL BILL:** Requires certain round up programs utilized by a locally-owned utility, a municipal electric plant, a utility district, and rural electric cooperative be operated on an opt-in basis.

FISCAL IMPACT OF ORIGINAL BILL:

Decrease Local Revenue – Exceeds \$2,000,000

Decrease Local Expenditures – Exceeds \$2,000,000

Other Fiscal Impact – Any increase in local government expenditures utilized to maintain current funding levels of charitable programs cannot reasonably be determined but is considered permissive.

IMPACT TO COMMERCE OF ORIGINAL BILL:

Other Fiscal Impact – A precise impact to jobs and commerce in Tennessee cannot reasonably be determined.

**SUMMARY OF AMENDMENT (006218):** Deletes and rewrites all language after the enacting clause such that the substantive changes (1) require round up programs established on or after January 1, 2021, by a locally-owned utility, a municipal electric plant, a utility district, and a rural electric cooperative, to be operated on an opt-in basis for new customers, (2) require such utilities operating round up programs on an opt-out basis to provide written notice to customers by November 1, 2020, and (3) requires such utilities' opt-out round up programs to cease after January 1, 2021, if required notice is not provided to customers.

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

Decrease Local Revenue – Exceeds \$1,000,000/FY20-21 and Subsequent Years  
/Charitable Purposes

Decrease Local Expenditures – Exceeds \$1,000,000/  
FY20-21 and Subsequent Years/Charitable Purposes

SB 308 - HB 377

**Other Fiscal Impact – Any increase in local government expenditures utilized to maintain current funding levels of charitable programs cannot reasonably be determined but is considered permissive.**

Assumptions for the bill as amended:

- Under current law, Tenn. Code Ann. § 7-34-115(i), § 7-36-107(a)(12), § 7-52-103(e), § 7-82-304(b), and § 65-25-105(d)(1), such entities are authorized to establish programs which round up customer bills to the next dollar. Moneys collected by round up programs are not considered revenue. Any revenue collected through a round up program is held separate from a utility's operational revenue, and all such money collected is required to be distributed for charitable purposes.
- The proposed legislation will require:
  - Any such program initiated on or after January 1, 2021, to be conducted on an opt-in basis for new customers.
  - By November 1, 2020, all entities currently operating an opt-out round up program to publish certain information on the entity's website and provide written notice to any customer enrolled in such program regarding the customer's right to opt-out of the program.
- Entities will include the required written notice with the customer's monthly statement or via email; therefore, any increase in local expenditures is estimated to be not significant.
- For purposes of this analysis, it is assumed that all notice will be provided in FY20-21.
- Due to multiple unknown factors such as the number of entities who currently engage in round up programs, the extent of monies received through such programs, and the extent of current customers who will choose to opt-out of the program, a precise decrease in local revenue collected for charitable purposes and equal, corresponding decrease in local expenditures utilized for charitable purposes cannot be determined, but each are reasonably estimated to exceed \$1,000,000 statewide annually beginning in FY20-21.
- To the extent such entities currently provide donations collected through round up programs to charitable programs which, in the absence of such funds, would need to rely on funding from a local government to maintain operations, it could result in an increase in local government expenditures; however, any such increase in local government expenditures is considered permissive and cannot reasonably be determined.

**IMPACT TO COMMERCE WITH PROPOSED AMENDMENT:**

**Unchanged from the original fiscal note.**

Assumption for the bill as amended:

- Due to multiple unknown variables such as the number of entities currently receiving donations from moneys collected through round up programs, the extent of any decrease in donations received due to the provisions of this legislation, and how any decrease in current donation levels will impact such entity, a precise impact to jobs and commerce in Tennessee cannot reasonably be determined.

**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

/jrh