

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

SB 165 - HB 667

April 16, 2019

SUMMARY OF ORIGINAL BILL: Continues permanent rules filed with the Secretary of State after January 1, 2018.

FISCAL IMPACT OF ORIGINAL BILL:

NOT SIGNIFICANT

SUMMARY OF AMENDMENT (008256): Deletes and replaces all language after the enacting clause such that substantive changes include: establishes that the Board of Funeral Directors and Embalmers (BFDE) rule 0660-11-.05, relative to professional conduct, shall expire upon this legislation becoming law and further establishes, beginning July 1, 2019, the Department of Revenue (DOR) is no longer prohibited from collecting sales and use tax on internet sales, pursuant to DOR rule 1320-05-01-.129(2).

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

**Increase State Revenue - \$44,699,000/FY19-20
\$59,598,600/FY20-21 and Subsequent Years**

**Increase Local Revenue - \$17,673,500/FY19-20
\$23,564,600/FY20-21 and Subsequent Years**

Assumptions for the bill as amended:

- The continuation of permanent rules beyond the current expiration date of June 30, 2019, will not result in any significant fiscal impact to state or local government.
- Expiration and termination of rules of professional conduct of the BFDE is estimated to have no significant impact on the Board.
- Pursuant to Tenn. Code Ann. § 4-29-121, all regulatory boards are required to be self-sufficient over any two-year period. The BFDE experienced a deficit of \$136,881 in FY16-17, a surplus of \$132,889 in FY17-18, and a cumulative reserve balance of \$1,237,260 on June 30, 2018.

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- This amendment will result in the DOR collecting state and local sales and use tax on sales from out-of-state dealers.
- The DOR was contacted for supporting information that would help in deriving estimates for additional sales tax collections directly attributable to this legislation.
- Such estimates are based partly on the current number of out-of-state dealers who have already registered with the DOR.
- Based on information provided by DOR, and taking into account an assumed 90-day delay in the first year, the increase in state sales tax revenue is estimated to be \$44,698,972; and the increase in local sales tax revenue is estimated to be \$17,673,485; both in FY19-20.
- In FY20-21 and subsequent years, the increase in state sales tax revenue is estimated to be \$59,598,630; and the increase in local sales tax revenue is estimated to be \$23,564,647.
- Fiscal Review Committee staff does not have access to taxpayer confidential data available to the DOR and cannot independently verify certain information from which these estimates have been derived.

CERTIFICATION:

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



Krista Lee Carsner, Executive Director

/jdb