

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

HB 1593 - SB 2207

June 11, 2020

SUMMARY OF ORIGINAL BILL: Changes, from September 30 to October 15, the date by which the governing committee of the Tennessee Automobile Insurance Plan is required to submit a financial report for the preceding calendar year to the Commissioner of the Department of Commerce and Insurance (DCI).

FISCAL IMPACT OF ORIGINAL BILL:

NOT SIGNIFICANT

SUMMARY OF AMENDMENTS (018053, 018511): Amendment 018053 deletes all language after the enacting clause. Effective January 1, 2021, regulates peer-to-peer (P2P) car sharing activity in the state and authorizes commercial airports to conduct P2P car sharing on airport property. Establishes insurance requirements and liabilities for both P2P car sharing programs and owners of shared vehicles. Effective October 1, 2020, establishes that P2P car sharing programs will be considered a “marketplace facilitator”, as defined in HB 2249/SB 2182 of the 111th General Assembly.

Amendment 018511 deletes and replaces language in the bill as amended by amendment 018053 to correct a statutory reference without making any substantive changes to the legislation.

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENTS:

Increase State Revenue - Exceeds \$50,600/FY20-21
Exceeds \$67,500/FY21-22 and Subsequent Years

Increase Local Revenue – Exceeds \$20,600/FY20-21
Exceeds \$27,500/FY21-22 and Subsequent Years

Assumptions for the bill as amended:

- A marketplace facilitator is liable for sales and use tax when it facilitates sales of taxable items or services on behalf of marketplace sellers greater than \$500,000.
- Individual P2P car sharing programs would only be subject to sales and use tax if items or services provided exceeded \$500,000 in a 12 month period.

- It is estimated that at least one company will facilitate sales in a 12 month period of at least \$1,000,000.
- The current state sales tax rate is 7.0 percent; the average local option sales tax rate is estimated to be 2.5 percent; the effective rate of apportionment to local government pursuant to the state-shared allocation is estimated to be 3.617 percent.
- A recurring increase in state sales tax revenue is estimated to exceed \$67,468 $[(\$1,000,000 \times 7.0\%) - (\$1,000,000 \times 7.0\% \times 3.617\%)]$.
- A recurring increase in local sales tax revenue is estimated to exceed \$27,532 $[(\$1,000,000 \times 2.5\%) + (\$1,000,000 \times 7.0\% \times 3.617\%)]$.
- Due to the effective date of October 1, 2020, the first-year impact (FY20-21) is estimated to be 75 percent of the full-year impact, for an increase in state revenue exceeding \$50,601 $(\$67,468 \times 75.0\%)$ and an increase in local revenue exceeding \$20,649 $(\$27,532 \times 75.0\%)$.

IMPACT TO COMMERCE WITH PROPOSED AMENDMENTS:

NOT SIGNIFICANT

Assumptions for the bill as amended:

- P2P car sharing programs will adhere to the proposed legislation.
- It is assumed P2P car sharing programs will pass any additional tax onto consumers; therefore, any impact to business expenditures or revenue or jobs in the state are considered not significant.

CERTIFICATION:

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



Krista Lee Carsner, Executive Director

/agr