

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

HB 57 – SB 232

February 9, 2019

SUMMARY OF BILL: Increases the monetary threshold, from \$30,000 to \$50,000, for the amount of donations received from the public by a charitable organization which triggers the requirement to register with and report to the Secretary of State (SOS).

ESTIMATED FISCAL IMPACT:

Decrease State Revenue - \$46,000/Secretary of State

Assumptions:

- Pursuant to Tenn. Code Ann. § 48-101-501, a charitable organization is defined as a group which is or holds itself out to be a benevolent, educational, voluntary health, philanthropic, humane, patriotic, religious or eleemosynary organization, or for the benefit of law enforcement personnel, firefighters, or other persons who protect the public safety, or any person who solicits or obtains contributions solicited from the public for charitable purposes.
- Pursuant to Tenn. Code Ann. § 48-101-504(a), charitable organizations are required to register with the SOS, unless the organization does not meet the current monetary threshold of \$30,000, or is exempted pursuant to Tenn. Code Ann § 48-101-502.
- Increasing the monetary threshold which triggers the need for a charitable organization to register with the SOS will reduce the total number of charitable organizations registered with the SOS, and thus cause a decrease in registration fee revenue collected by the SOS.
- Pursuant to Tenn. Code Ann. § 48-101-517, registration fees collected from charitable organizations must be used by the SOS to administer the Charitable Solicitations Act.
- Based on information provided by the SOS, it is estimated that approximately 674 charitable organizations will file for registration exemptions as a result of this legislation.
- Approximately 639 of these organizations currently pay an annual registration fee of \$80 because they have annual revenue up to \$48,999.99. Additionally, 35 organizations pay an annual registration fee of \$120 because they have annual revenue between \$49,000 and \$99,999.99.
- It is reasonable to assume the 35 organizations that currently have revenue of at least \$49,000 will realize revenue growth of \$1,000 and still be required to pay the \$120 fee. They will not be impacted by the proposed legislation.

- Based on information provided by the SOS, approximately 10 percent of the 639 remaining organizations will raise revenue to \$50,000 and will not be impacted by the proposed legislation.
- Therefore, it is estimated that 575 organizations (639 x 0.90%) currently paying an \$80 fee will no longer be required to pay the fee resulting in decreased revenue of \$46,000 (575 organizations x \$80 fee).

IMPACT TO COMMERCE:

Decrease Business Expenses - \$46,000/Charitable Organizations

Assumptions:

- This legislation will result in approximately 575 charitable organizations no longer being required to register with the SOS and pay an \$80 registration fee.
- A recurring decrease in business expenses is estimated to be \$46,000 (575 organizations

CERTIFICATION:

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



Krista Lee Carsner, Executive Director

/jdb