TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE

FISCAL NOTE

HB 273- SB461

February 17, 2019

SUMMARY OF BILL: Enacts the *Save Tennessee Call Center Jobs Act* which requires employers, intending to relocate a call center from Tennessee to a foreign country, to notify the Commissioner of the Department of Labor and Workforce Development (DLWD) at least 120 days prior to any such relocation. Failure to notify the Commissioner will result in a violation subject to a civil penalty up to $10,000 per day. Requires the Commissioner to compile and distribute a list semiannually of all employers that relocate a call center from this state to a foreign country to each division under the DLWD. Prohibits employers in violation from receiving any state grants, guaranteed loans, tax benefits, tax credits, or refunds for five years. Requires that call center employers in violation remit unamortized value of any grant, guaranteed loans, tax benefits, or any other governmental support it has previously received to the DLWD.

ESTIMATED FISCAL IMPACT:

Other Fiscal Impact – Potential increases in state revenue if certain call centers domiciled in Tennessee, who have received state grants, guaranteed loans, or tax benefits, subsequently relocate out of the country. The extent and timing of such increases in state revenue cannot be determined for they are dependent upon unknown factors.

Assumptions:

- DLWD can accomplish the provisions of the legislation within existing resources without an additional appropriation or a reduced reversion.
- The Department of Human Resources reports the provisions of the legislation will have no impact on departmental operations.
- Based on information provided by the Division of TennCare, governmental support in the proposed legislation does not include contracts for services for its call center vendors. TennCare currently does not extend direct or indirect state grants, state-guaranteed loans, or tax credits; therefore, the proposed legislation will have no impact on the Division of TennCare.
- Any call center businesses intending to relocate from Tennessee to a foreign country that fails to notify DLWD within 120 days before such relocation will be subject to a penalty of $10,000 for each day in violation. It is assumed that any call center intending to relocate out of the country will provide adequate notice in order to avoid the proposed

penalty. As a result, any increase in penalty fee revenue is estimated to be not significant.

- To the extent a call center in Tennessee is identified on the list created by the Commissioner of DLWD, as the result of the call center (or one or more facilities or operating units within a call center comprising 30 percent of the call center's total volume of operations) relocating from Tennessee to a foreign country, the call center would then become ineligible for indirect state grants, state-guaranteed loans, or tax credits for five years after the date the list is published.
- The extent of indirect state grants and state-guaranteed loans which have been made to call centers is unknown. However, to the extent a call center relocates out of country and has to reimburse the state for any grants or loans, pursuant to Section 5(b) of this legislation, there could be increases in state revenue relative to any such instance. However, the extent and timing for any such increases in state revenue cannot be determined.
- Based on information from the Department of Revenue, there are currently 16 call centers that claimed $865,591 in job tax credits during FY17-18. It is unknown if any of these 16 call centers would fall under the requirements of this legislation given the definition of "employer" as proposed in this legislation. Further, it is unknown if any other call centers are receiving any other types of tax credits.
- To the extent a call center, subject to the requirements of this legislation, has received tax credits and relocates out of country, the taxpayer could forfeit such tax credits and could become liable for any portion of tax liability that the tax credits would have otherwise eliminated for the taxpayer. As a result, there could be an increase in state revenue relative to any such call center, if they are required to pay the applicable portion of tax liability. However, the extent and timing for any such increases in state revenue cannot be determined.

IMPACT TO COMMERCE:

Other Commerce Impact – The impact to commerce and jobs in Tennessee cannot be quantified.

Assumptions:

- The precise impact to commerce and jobs in Tennessee as a result of this legislation is dependent upon multiple unknown factors. As a result, such impacts cannot be reasonably quantified.
- Passage of this legislation, despite being positive for Tennessee state government, could make Tennessee a slightly less attractive state to locate a call center in the future.
- Further, the amount of funds a business may have to repay to the state is unknown.

- These, along with several other factors, will be considered by any call center business when decided to locate to or relocate from the state.

CERTIFICATION:

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

Krista Lee Carsner

Krista Lee Carsner, Executive Director

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