

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

HB 327 - SB 355

February 17, 2019

SUMMARY OF BILL: Changes, from large and mid-size to mid-size and small, the counties whose Industrial Development Boards (IDBs) may be authorized to utilize certain tax revenue when redeveloping eligible brownfield sites. Prohibits certain IDBs from receiving certain local tax allocations after the maturity of certain debt obligations, and requires such debt obligations to mature no later than 30 years after issuance.

ESTIMATED FISCAL IMPACT:

Other Fiscal Impact – Due to multiple unknown variables, a precise impact to local government revenue cannot reasonably be determined.

Assumptions:

- Pursuant to Tenn. Code Ann. § 7-53-316, IDBs located within 16 counties are authorized, upon approval of an economic impact plan, to utilize certain local sales and property taxes to pay certain expenses of the IDB related to the redevelopment of eligible brownfield sites. In order to be an eligible brownfield site, it must be located within an area with certain designations by the United States Department of Housing and Urban Development (HUD).
- The proposed legislation would authorize IDBs located in every county except Hamilton, Knox, Davidson, and Shelby County to utilize certain local sales and property taxes for eligible brownfield site redevelopment; however, any eligible brownfield site would require the same HUD designations.
- The proposed legislation would prohibit the IDB within Davidson County as well as any IDB redeveloping eligible brownfield sites from issuing debt obligations for longer than 30 years and from utilizing the local sales and property tax revenue beyond the maturity of the debt obligation for which such revenue was initially utilized.
- It is unknown how many eligible brownfield sites are located within the newly eligible counties, if any IDBs will be approved by the local government to redevelop such sites, the extent and timing of any permissive decrease in local sales and property tax revenue for a participating local government, the extent and timing of any corresponding increase in revenue to the IDB, the extent and timing of any revenue which may be experienced by the newly eligible local governments upon completion of the redevelopment, and the extent and timing for any impact to local revenue for newly ineligible local governments who will no longer be authorized to utilize the tax revenue scheme established for redevelopment of eligible brownfield sites.

- The fiscal impact of this legislation on local government is dependent upon multiple unknown factors; as a result, a precise impact to local government 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

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