

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

HB 350 - SB 1263

February 17, 2019

SUMMARY OF BILL: Removes a county from certain liabilities based on contractual fees and restrictive covenants imposed by a non-governmental entity on properties purchased by the county at a delinquent property tax sale under certain circumstances.

ESTIMATED FISCAL IMPACT:

Decrease Local Expenditures – Exceeds \$200,000/Per Occurrence

Assumptions:

- Tennessee Code Annotated § 67-5-2501 provides the county shall make the first bid on certain properties in a delinquent property tax sale, and if no other bids are received, the county becomes owner of the property.
- The proposed legislation will remove a county from liability for payment of fees imposed and from restrictive covenants placed on the property by the non-governmental entity unless the county makes actual use of the property it purchased at a delinquent property tax sale.
- In 2010, a suit was filed against Coffee County (*Travis v. Trustees of Lakewood Park v. Coffee County*) by a non-governmental entity that resulted in the court finding the county liable for payment of fees assessed by the non-government entity in excess of \$200,000.
- Removing counties from certain liabilities involving non-governmental entities in certain circumstances will result in a decrease in local government expenditures; however, the precise decrease in local expenditures is dependent upon the amount of fees assessed by the non-governmental entity and the extent of costs related to suits.
- The decrease in local government expenditures as a result of this legislation is reasonably estimated to exceed \$200,000 per occurrence for each applicable local government entity.

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

/jrh