

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

HB 1007 - SB 1158

March 8, 2019

SUMMARY OF BILL: Increases, from 4.603 percent to 5.0909 percent, the percentage of state sales and use tax revenue allocated to Tennessee municipalities. Reduces, from 29.0141 percent to 28.5262 percent, the percentage of state sales and use tax revenue allocated to the General Fund. Increases, from 4.603 percent to 5.0909 percent, the allocation to Gatlinburg, Pigeon Forge, and to River Resort Districts. Increases the amount allocated to the Municipal Technical Advisory Service (MTAS), from 1.0 percent of the current 4.603 percent allocation to municipalities, to 1.0 percent of the 5.0909 percent allocation to municipalities.

ESTIMATED FISCAL IMPACT:

Increase State Revenue - \$359,300/Municipal Technical Advisory Service

Decrease State Revenue - \$37,196,700/General Fund

Increase Local Revenue - \$36,837,400

Assumptions:

Decrease in State Revenue

- According to the Department of Revenue (DOR), total state sales and use tax collections apportioned for FY17-18 totaled \$6,778,985,396.
- An estimated growth rate of 4.40 percent in FY18-19 and 4.04 percent in FY19-20.
- Total estimated state sales and use tax collections to be apportioned in FY19-20 of \$7,363,182,088 ($\$6,778,985,396 \times 1.044 \times 1.0404$). This amount is assumed to remain constant into perpetuity.
- Under current law, total current apportionments to the General Fund of \$2,136,361,014 ($\$7,363,182,088 \times 29.0141\%$).
- Pursuant to this legislation, total apportionments to the General Fund of \$2,100,436,049 ($\$7,363,182,088 \times 28.5262\%$).
- A recurring decrease in apportionments to the General Fund of \$35,924,965 ($\$2,136,361,014 - \$2,100,436,049$).

Increase in MTAS and Local Revenue and Total General Fund Impact

- Currently, municipalities are allocated 4.603 percent of such apportionments or \$338,927,272 ($\$7,363,182,088 \times 4.603\%$).

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- Of this amount, 1.0 percent or \$3,389,272 is allocated to MTAS ($\$338,927,272 \times 1.0\%$).
- Under current law, total current apportionments to municipalities of \$335,538,000 ($\$338,927,272 - \$3,389,272$). Gatlinburg and Pigeon Forge as well as river resort districts receive an additional appropriation on top of that.
- This legislation will increase such percent allocation to 5.0909 percent, for a total apportionment to municipalities of \$374,852,237 ($\$7,363,182,088 \times 5.0909\%$).
- Of this amount, 1.0 percent or \$3,748,522 is allocated to MTAS ($\$374,852,237 \times 1.0\%$).
- Pursuant to this legislation, total apportionments to municipalities of \$371,103,715 ($\$374,852,237 - \$3,748,522$).
- A recurring increase in local revenue of \$35,565,715 ($\$371,103,715 - \$335,538,000$).
- A recurring increase in state revenue to MTAS of \$359,250 ($\$3,748,522 - \$3,389,272$).
- According to the DOR, this legislation is estimated to result in an additional recurring increase in local revenue of \$277,960 to Gatlinburg, \$590,789 to Pigeon Forge, and \$402,957 to the various river resort districts.
- A total recurring increase in local revenue of \$36,837,421 ($\$35,565,715 + \$277,960 + \$590,789 + \$402,957$).
- A total recurring decrease in state revenue to the General Fund of \$37,196,671 ($\$35,924,965 + \$277,960 + \$590,789 + \$402,957$).

CERTIFICATION:

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



Krista Lee Carsner, Executive Director

/jdb