

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

HB 1193 - SB 1126

February 22, 2019

SUMMARY OF BILL: Reduces, from 1.125 percent to 0.5 percent, the percentage from the proceeds from the local option sales tax the Department of Revenue (DOR) keeps to defray the state's expenses incurred in administering, collecting, and remitting local sales tax.

ESTIMATED FISCAL IMPACT:

Decrease State Revenue - \$17,949,400/Department of Revenue

Increase Local Revenue - \$17,949,400

Assumptions:

- According to the DOR, total local option sales tax collections for FY17-18 totaled \$2,644,048,246. Assuming growth rates of 4.40 percent in FY18-19 and 4.04 percent in FY19-20, total local option sales tax collections in FY19-20 are estimated to be \$2,871,905,978.
- For purposes of this fiscal analysis, this number is assumed to remain constant into perpetuity.
- The proposed legislation will result in a 0.625 percentage point decrease in the amount DOR may keep to defray its costs (1.125% - 0.5%).
- The recurring decrease in state revenue and the corresponding recurring increase in local revenue are estimated to be \$17,949,412 ($\$2,871,905,978 \times 0.625\%$).

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".

Krista Lee Carsner, Executive Director

/jdb

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