



January 25, 2020

SUMMARY OF BILL: Requires the Comptroller of the Treasury (COT) and the governing boards of certain municipal utilities to devise standard procedures and guidelines relating to the potential disposition of municipal utility revenues to chambers of commerce or economic and community organizations. Requires such entities to provide specific information relative to their business affairs prior to receipt of municipal utility revenues. Requires notification of a proposed disposition of municipal utility revenues to such entities be provided either on a website or in a newspaper of general circulation.

ESTIMATED FISCAL IMPACT:

Increase Local Expenditures –

Exceeds \$100/FY20-21 and Subsequent Years/Permissive

Assumptions:

- Pursuant to Tenn. Code Ann § 7-34-115(a)(2), municipal natural gas utility systems, with the exception of those located in Hamilton, Knox, Davidson, and Shelby Counties, are authorized to devote revenues to funding chambers of commerce and economic and community organizations.
- The proposed language:
 - Requires the COT to devise standard procedures to assist utility systems electing to devote such revenues to such entities;
 - Requires the governing body of the utility system to develop guidelines establishing for what purposes any appropriated revenues may be utilized;
 - Requires any chamber of commerce or economic and community organization seeking to receive utility system revenues to file, with the city clerk, a copy of an annual report of its business affairs, the proposed use of the utility system's contributions, and how such use will benefit the utility system and its customers;
 - Requires the COT to develop a form which may be utilized by chambers of commerce or economic and community organizations when providing required information regarding their business affairs;
 - Establishes that, as a recipient of municipal utility system revenues, such entities will be subject to audit pursuant to Tenn. Code Ann. § 6-56-105; and
 - Requires the utility system to publish notice of the proposed appropriation, and an explanation of the proposed use of the appropriated funds, on the website of the applicable municipality or in a newspaper of general circulation, prior to the appropriation being made.

- The COT will accomplish all requirements of the proposed legislation utilizing existing staff and resources; therefore any increase in state expenditures is estimated to be not significant.
- Governing boards of municipal natural gas utility systems will establish the required guidelines at a regularly scheduled meeting.
- In the event an applicable municipality does not maintain a website, the municipal natural gas utility system will be required to publish notice of the proposed appropriation of utility system revenues and the proposed use of such revenues in a newspaper of general circulation.
- Based on responses to the 2017 Local Government Survey conducted by the Fiscal Review Committee staff, participating local government officials reported the average cost for a newspaper notification is \$114.
- Electing to devote utility system revenues to a chamber of commerce or economic and community organization is a permissive action taken by the utility system. Any increase in local expenditures for publication of notice in a newspaper is a mandatory cost on a permissive action; therefore such expenditures are considered permissive.
- It is reasonably assumed that at least one natural gas utility system will publish a notice in a newspaper annually; therefore, there will be a recurring permissive increase in local expenditures estimated to exceed \$114, beginning in FY20-21.

IMPACT TO COMMERCE:

NOT SIGNIFICANT

Assumptions:

- Any chamber of commerce or economic and community organization attempting to receive municipal natural gas utility system revenues will be required to provide specific information in order to be eligible to receive such revenues.
- Providing the required information will not result in any significant impact to jobs or commerce in Tennessee.
- Any such organizations receiving utility system revenues will be subject to audit. According to the COT, any such audit will be conducted by a private firm under contract with the COT, with all costs associated with the audit being paid by the audited organization.
- Any audit performed will result in an increase in private business expenditures and an equal, corresponding increase in private business revenues; therefore the net impact to commerce is considered not significant.
- The \$114 increased revenue received by a newspaper for the required publication will result in a corresponding increase in newspaper expenditures; therefore, the net impact to commerce is not significant.

CERTIFICATION:

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

Handwritten signature of Krista Lee Carsner in black ink.

Krista Lee Carsner, Executive Director

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