



May 4, 2020

SUMMARY OF BILL: Makes various changes to a procedure for filing a petition protesting the issuance of a general obligation bond (GOB) by a local government.

ESTIMATED FISCAL IMPACT:

Other Fiscal Impact – For each instance in which a local government opts to hold a referendum not in conjunction with a regularly scheduled election to issue a general obligation bond, it will result in a one-time permissive increase in local government expenditures exceeding \$1,000.

Assumptions:

- Pursuant to Tenn. Code Ann. § 9-21-205 through § 9-21-210:
 - Prior to issuance of a GOB to fund a public works project, a local government must pass a resolution;
 - Upon passage of the resolution, a specific notice must be published in a newspaper of general circulation;
 - Citizens have 20 days after the publication to file a petition protesting the issuance of the GOB. The petition must contain the signatures of at least 10 percent of the registered voters within the local government, or 10 percent of the population being taxed for the bonds;
 - If a petition with the required number of signatures is filed, the local government must hold a referendum prior to issuance of the bond.
- The proposed language:
 - Increases to 40, the number of days after notification is published within which citizens have to file a petition protesting the issuance of the GOB; and
 - Decreases the number of signatures required to 10 percent of the votes at the last general election.
- It is reasonably assumed that decreasing the number of signatures required and lengthening the amount of time citizens have to file a petition will increase the likelihood that petitions meeting the qualifications are filed and a referendum is required to issue the GOB.
- Expenditures associated with a referenda are determined by the following:
 - Tennessee Code Annotated § 2-3-204 requires elections on questions be conducted within 75 and 90 days of the county election commission receiving notification to conduct such an election;

- Tennessee Code Annotated § 2-3-103 establishes that voting precincts are limited to a size of 6,000 registered voters;
- Referenda held in conjunction with a regularly scheduled election do not result in any increase in local expenditures as precincts are currently operational; and
- Expenditures for referenda held not in conjunction with a regularly scheduled election are driven by the population to be polled and ultimately, the number of precincts which are required for the specific election.
- Based on information provided by the Secretary of State, using figures from the 2016 Presidential Preference Primary, expenditures to hold a county-wide referendum are estimated as follows:
 - Approximately 40 smaller counties pay between \$10,500 and \$25,000;
 - The approximately 47 mid-sized counties pay between \$26,000 and \$94,000; and
 - The top eight counties pay between \$100,000 and \$773,000.
- Referenda confirming issuance of GOBs are open to all citizens of the county or only those citizens impacted by the taxes to pay for the issuance of the GOB.
- The proposed language may result in an increase in the number of instances counties are required to hold referenda in order to issue a GOB. For any county required to hold a referendum not in conjunction with a regularly scheduled election in order to issue a GOB, there will be a one-time permissive increase in local expenditures. The extent of such expenditures will vary based on the number of voters to be included in the referendum; however any such increase in local expenditures is reasonably estimated to exceed \$1,000 for each occurrence.

CERTIFICATION:

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



Krista Lee Carsner, Executive Director

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