



February 14, 2020

SUMMARY OF BILL: Requires the Commissioner of the Department of General Services (DGS), rather than the Commissioner of the Department of Finance and Administration (F&A), to provide a list of properties acquired by the state for conservation purposes to the Comptroller of the Treasury (Comptroller) by January 1 of each year. Establishes that properties acquired by the state for conservation purposes will be assessed for tax rate reimbursement on a fiscal year basis, rather than calendar year.

ESTIMATED FISCAL IMPACT:

Decrease State Expenditures - \$2,600/FY20-21

Decrease Local Revenue - \$2,600/FY20-21

Assumptions:

- According to the Comptroller, requiring the Commissioner of DGS, rather than the Commissioner of F&A, to provide a list of properties acquired by the state for conservation purposes is codifying recent practice; therefore, there will be no significant fiscal impact to either DGS or F&A.
- Pursuant to Tenn. Code Ann. § 11-7-109(b) and § 11-14-406(b), the Comptroller is required to determine the appropriate tax rate and assessed value of each property acquired by the state for conservation purposes. Property tax revenue lost by an affected city or county due to property acquisition will be paid to the city or county in March.
- The proposed legislation requires the property acquisition list, and subsequent local tax revenue reimbursement, to be assessed on a fiscal year basis, rather than calendar year.
- The process for determining reimbursement for properties acquired during calendar year 2019 has been completed and such reimbursements are anticipated to be made in the near future (prior to passage of this legislation).
- Pursuant to this legislation, the next round of reimbursements (in FY20-21) will account for properties acquired in FY19-20, rather than those acquired in calendar year 2020 as required under current law. Since payments for the first part of FY19-20 (July 1, 2019 – December 31, 2019) would already have been determined and paid in FY19-20 under current law, the FY20-21 reimbursement will include only those properties acquired in the second part of FY19-20 (January 1, 2020 – June 30, 2020).
- Therefore, the proposed legislation will result in a one-time decrease in state expenditures and a corresponding one time decrease in local revenue.

- According to the Comptroller, the prior three-year average compensation amount to local entities for properties acquired during the July 1 – December 31 timeframe is \$2,572.
- A one-time decrease in state expenditures of \$2,572 in FY20-21.
- A one-time decrease in local revenue of \$2,572 in FY20-21.

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

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