

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

SB 249 - HB 229

February 22, 2019

SUMMARY OF BILL: Increases the percentage of a commission retained by county registers of deeds incrementally over a three year period until the total commission is retained.

ESTIMATED FISCAL IMPACT:

Decrease State Revenue – \$776,100/FY19-20
\$2,988,000/FY20-21
\$5,989,500/FY21-22
\$7,786,400/FY22-23 and Subsequent Years

Increase Local Revenue – \$776,100/FY19-20
\$2,988,000/FY20-21
\$5,989,500/FY21-22
\$7,786,400/FY22-23 and Subsequent Years

Assumptions:

- Under current law, Tenn. Code Ann. § 67-4-409(d)(2), county registers of deeds are entitled to a five percent commission on privilege and excise taxes collected; however, such registers of deeds are subsequently required to remit 52 percent of the five percent commission to the State Treasurer for deposit into the General Fund.
- The proposed language would authorize county registers of deeds to retain 60 percent of the 5 percent commission beginning January 1, 2020; 80 percent beginning January 1, 2021; and 100 percent beginning January 1, 2022.
- Based on information provided by the Department of Revenue, the total tax collection subject to the five percent commission for FY19-20 is estimated to be \$258,699,269.
- For purposes of this analysis, it is assumed that there will be 5 percent growth each year on the amount of privilege and excise taxes collected statewide resulting in the following estimated collections:
 - FY19-20: \$258,699,269
 - FY20-21: \$271,634,232 (\$258,699,269 x 1.05 growth)
 - FY21-22: \$285,215,944 (\$271,634,232 x 1.05 growth)
 - FY22-23: \$299,476,741 (\$285,215,944 x 1.05 growth)
- The following represents the estimated total commission assessed on privilege and excise tax collections each fiscal year:

- FY19-20: \$12,934,963 (\$258,699,269 x 5% total commission)
- FY20-21: \$13,581,712 (\$271,634,232 x 5% total commission)
- FY21-22: \$14,260,797 (\$285,215,944 x 5% total commission)
- FY22-23: \$14,973,837 (\$299,476,741 x 5% total commission).
- County registers of deeds currently to retain 48 percent of the 5 percent commission. The proposed legislation will increase the percentage of commission retained by registers of deeds each January until the registers of deeds retains 100 percent of the 5 percent commission.
- Increasing the amount of commission retained by registers of deeds will result in a decrease in state revenue to the General Fund and a corresponding increase in local revenue estimated as follows:
 - FY19-20: \$776,098 [(\$12,934,963 total commission x 12% increase in local retention) / 2 for half year implementation in 2020 (January through June)].
 - FY20-21: \$2,987,977 [(\$13,581,712 total commission x 12% increase in local retention) / 2 for half year implementation in 2020 (July through December) + (\$13,581,712 x 32% increase in local retention) / 2 for half year implementation in 2021 (January through June)].
 - FY21-22: \$5,989,535 [(\$14,260,797 total commission x 32% increase in local retention) / 2 for half year implementation in 2021 (July through December) + (\$14,260,797 total commission x 52% increase in local retention) / 2 for half year implementation in 2022 (January through June)].
 - FY22-23 and subsequent years: \$7,786,395 [(\$14,973,837 total commission x 52% increase)].

CERTIFICATION:

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



Krista Lee Carsner, Executive Director

/jrh