

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



**FISCAL NOTE**

**SB 308 - HB 377**

March 3, 2019

**SUMMARY OF BILL:** Requires certain round up programs utilized by a locally-owned utility, a municipal electric plant, a utility district, and rural electric cooperative be operated on an opt-in basis.

**ESTIMATED FISCAL IMPACT:**

**Decrease Local Revenue – Exceeds \$2,000,000**

**Decrease Local Expenditures – Exceeds \$2,000,000**

**Other Fiscal Impact – Any increase in local government expenditures utilized to maintain current funding levels of charitable programs cannot reasonably be determined but is considered permissive.**

Assumptions:

- Under current law, Tenn. Code Ann. § 7-34-115(i), § 7-36-107(a)(12), § 7-52-103(e), § 7-82-304(b), and § 65-25-105(d)(1), such entities are authorized to establish programs which round up customer bills to the next dollar. Moneys collected by round up programs are not considered revenue, and all money collected is required to be distributed for charitable purposes.
- The proposed legislation will require:
  - Any such program initiated on or after January 1, 2020, to be conducted on an opt-in basis.
  - By November 1, 2019, all entities currently operating a round up program to publish certain information on the entity's website and provide written notice to any customer enrolled in such program regarding the customer's right to opt-out of the program.
- Entities will include the required written notice with the customer's monthly statement; therefore, any increase in local expenditures is estimated to be not significant.
- Due to multiple unknown factors such as the number of entities who currently engage in round up programs, the extent of monies received through such programs, and the extent of current customers who will choose to opt-out of the program, a precise decrease in local revenue and equal, corresponding decrease in local expenditures cannot be determined, but each are reasonably estimated to exceed \$2,000,000 statewide annually.

- To the extent such entities currently provide donations collected through round up programs to charitable programs which, in the absence of such funds, would need to rely on funding from a local government to maintain operations, it could result in an increase in local government expenditures; however, any such increase in local government expenditures is considered permissive and cannot reasonably be determined.

## **IMPACT TO COMMERCE:**

**Other Fiscal Impact – A precise impact to jobs and commerce in Tennessee cannot reasonably be determined.**

Assumption:

- Due to multiple unknown variables such as the number of entities currently receiving donations from moneys collected through round up programs, the extent of any decrease in donations received due to the provisions of this legislation, and how any decrease in current donation levels will impact such entity, a precise impact to jobs and commerce in Tennessee cannot reasonably be determined.

## **CERTIFICATION:**

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



Krista Lee Carsner, Executive Director

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