

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

SB 1162 - HB 1488

April 1, 2019

SUMMARY OF BILL: Decreases, from 20 to 15 percent, the amount of growth a county must experience in any decennial census in order to be eligible to establish a privilege tax on persons engaged in residential development of property under the *County Powers Relief Act of 2006*.

ESTIMATED FISCAL IMPACT:

Other Fiscal Impact – Permissive recurring increases in local government revenue; the extent and timing of which cannot be determined due to several unknown factors.

Assumptions:

- The *County Powers Relief Act of 2006* is established pursuant to Tenn. Code Ann. § 67-4-2901 and is applicable to counties:
 - Who experienced a growth rate of at least 20 percent from one decennial census to the next, beginning with the 1990 decennial census; or
 - Experienced a 9 percent growth over a four-year period, beginning in 2000, based on the United State Census Bureau's population estimates; and
 - Does not currently assess a development tax or impact fee by private act which was established prior to June 20, 2006.
- Applicable counties are authorized to levy a tax based on the floor area of residential development, with the initial tax rate being capped at \$1.00 per square foot of residential property. All tax proceeds are required to be dedicated to funding capital expenditures for education.
- The proposed legislation would decrease the required population growth threshold between certain decennial censuses to 15 percent.
- Based on the decreased population growth thresholds established in the proposed language, approximately 21 counties would be newly eligible to establish a privilege tax on residential development of property, if such counties had not established development taxes or impact fees prior to June 20, 2006.
- Due to multiple unknown variables such as the number of counties who will be eligible to establish such a tax, the timing of the establishment and collection of any such tax, the number of properties upon which such tax would be levied, and the extent of square footage within such properties, a precise recurring permissive increase in local government revenue cannot reasonably be determined.

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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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