TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE

FISCAL NOTE

SB 580 - HB 821

February 24, 2021

SUMMARY OF BILL: Authorizes certain municipal energy authorities (Authorities) to provide internet and other services under certain circumstances.

ESTIMATED FISCAL IMPACT:

Increase Local Revenue – Exceeds $100,000/FY23-24/Permissive

Increase Local Expenditures – Exceeds $100,000/FY22-23/Permissive

Assumptions:

- The proposed language:
  - Is applicable only to Authorities located within counties whose population is below 25,000 who have also been designated as a Tier 3 or Tier 4 Enhancement County by the Department of Economic and Community Development (ECD); and
  - Authorizes applicable authorities to provide cable, two-way video transmission, video programming, and internet service within the eligible applicable county if the Authority receives the consent of all telephone cooperatives, rural electric cooperatives and municipal electric systems operating within such territory.
- According to ECD and 2010 United State Census data, there are currently 34 applicable counties.
- Applicable Authorities would be prohibited, pursuant to Tenn. Code Ann. §7-36-107(a)(6) from maintaining such services through revenues obtained through the provision of other utility services also provided by the Authority.
- While it is unknown how many Authorities will elect to expand service within applicable counties and the amount of infrastructure which will be associated with providing such services, a precise one-time permissive increase in local government expenditures and equal, corresponding permissive increase in local government revenue cannot be determined but is reasonably estimated to exceed $100,000 statewide.
- Due to the amount of planning and work associated with installing such infrastructure, expenditures are estimated to occur in FY22-23, with revenues occurring after service is established for customers.
- The equal, corresponding increase in local revenue will be realized over the course of several years in the form of rates paid by customers. A precise timeframe for when the debt issued will be repaid in full is unknown due to multiple unknown variables;

however, for purposes of this fiscal analysis the equal, corresponding increase in local revenue is shown as occurring in FY23-24.

IMPACT TO COMMERCE:

Other Fiscal Impact – Due to multiple unknown factors, a precise impact to business revenue and jobs in Tennessee cannot reasonably be determined.

Assumptions:

- Authorizing Authorities to provide such services within applicable counties will result in a change to business revenues for private companies currently providing such services; however, it is unknown how many Authorities will opt to expand their service area, which services will be available to customers, the extent of customers with a new option in such services providers, and the extend of any impact to rates charged by private businesses for services as a direct result of the competition provided by Authorities.
- Due to multiple unknown factors a precise impact to business revenue and jobs in Tennessee cannot reasonably be determined.

CERTIFICATION:

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

Bojan Savic

Bojan Savic, Interim Executive Director

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