

HB 65 – SB 495

FISCAL NOTE



Fiscal Review Committee
Tennessee General Assembly

February 7, 2025

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SUMMARY OF BILL: Authorizes cities incorporated under a city manager-commission charter to contract with a private entity for the development, construction, management, or operation of an indoor or outdoor sports facility under terms acceptable to the city, including, but not limited to, terms between the city and a private entity regarding operating revenues or losses, for the lease or sale of all or part of the facility, for the payment of management fees, or for such other terms the city determines to be in the best interests of the city and its residents.

FISCAL IMPACT:

OTHER FISCAL IMPACT

Due to numerous unknown variables, the timing and amount of any permissive increase in local revenue or expenditures cannot be reasonably determined.

Assumptions:

- There are 47 municipalities in the state incorporated under a city manager-commission charter.
- Pursuant to Tenn. Code Ann. §§ 6-19-101(a)(4), (a)(13), and (a)(8), such cities may:
 - Contract and be contracted with;
 - Make contracts with any person, firm, association or corporation, for public utilities and public services to be furnished the city and those in the city; and
 - Acquire or receive and hold, maintain, improve, sell, lease, mortgage, pledge, or otherwise dispose of property, real or personal, and any estate or interest therein, within or without the city or state.
- This legislation specifically allows a city to lease all or part of any such facility to a private company.
- At the time of this analysis, the only known municipality to which this legislation would directly apply is the City of Brentwood, which created the Brentwood Racquet Facility Ad Hoc Committee (Committee) to research design options, operating policies and procedures, including cost and revenue projections, for a racquet facility.
- It is assumed that this legislation will result in the City of Brentwood entering into a contract for the development, construction, management, and operation of a racquet facility.

- Based on the study performed by the Committee in November of 2023, this facility is estimated to cost approximately \$13,690,000 for development and construction, and to result in a net increase in local revenue of approximately \$712,615 annually.
- However, an exact increase to revenue and expenditures of the City of Brentwood cannot be estimated, as such figures will depend on the parameters of any agreement with a private entity.
- It is not known precisely how many cities will contract with private companies for the development, construction, management, and operation of a sports facility within their jurisdictions as a direct result of this legislation.
- Additionally, the terms of any future contract for the provision of materials and services is unknown.
- However, it is reasonably assumed that any contract for materials or services, or for the lease or sale of all or part of the facility, will be in the best interest of the city.
- Therefore, it is assumed that any funds expended through such contracts will be offset by various revenue streams, including, but not limited to fees imposed for the operation of such facility, as well as the sale or lease of all or part of the facility.
- Due to numerous unknown variables, the timing and amount of any permissive increase in local revenue or expenditures cannot be reasonably determined.

CERTIFICATION:

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

A handwritten signature in black ink that reads "Bojan Savic". The signature is written in a cursive, flowing style.

Bojan Savic, Executive Director