

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

HB 1345 – SB 1277

April 10, 2018

SUMMARY OF ORIGINAL BILL: Creates a pilot program to authorize a franchise and excise (F&E) tax credit for shippers with pickups or deliveries originating in or destined to Shelby County. Establishes that the tax credit is equal to two percent of qualified transportation expenditures of any such shipper that establishes a uniform and internal turn-around policy for assuring that pickups and deliveries are performed during the period of time agreed upon by a motor carrier and a shipper and for preventing delays in the timely transportation of goods over the public highways. Prohibits the credit from exceeding 50 percent of the combined F&E tax liability in any given year. For the purpose of promulgating rules and creating forms and applications, the bill shall be effective upon becoming law; for all other purposes the bill shall be effective January 1, 2018.

FISCAL IMPACT OF ORIGINAL BILL:

Decrease State Revenue – Exceeds \$2,065,900/FY18-19 and Subsequent Years

Increase State Expenditures – \$149,300/FY18-19
\$139,600/FY19-20 and Subsequent Years

Other Fiscal Impact – Secondary economic impacts may occur as a result of this bill. Such impacts may be reflected as improvements in shipment delivery times for Tennessee businesses, an increase in the state's competitiveness in retaining existing shipping companies and recruiting other shipping companies to locate in the state, and additional commercial activity in the state as a result of qualified companies reinvesting their savings in the state's economy. Any fiscal impacts directly attributable to such economic impacts are considered secondary and cannot be quantified with reasonable certainty.

SUMMARY OF AMENDMENT (017130): Deletes all language after the enacting clause. Directs the Tennessee Advisory Commission on Intergovernmental Relations (TACIR) to perform a study of the potential, overall effects of creating an F&E tax credit for shippers with pickups or deliveries originating in, or destined to Shelby County. Establishes criteria to be considered by TACIR in conducting the study. Requires TACIR to submit a report disclosing the findings of the study and recommendations, including any proposed legislation or interim reports, to the General Assembly by February 1, 2020.

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FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

NOT SIGNIFICANT

Assumption for the bill as amended:

- According to TACIR, the required study can be performed and a report can be submitted by February 1, 2020, utilizing existing TACIR resources without a significant increase in state expenditures.

CERTIFICATION:

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

Handwritten signature of Krista M. Lee in blue ink, with the initials 'RNC' written to the right of the name.

Krista M. Lee, Executive Director

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