

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

SB 1484 - HB 1582

March 29, 2021

SUMMARY OF BILL: Allocates to any municipality having a United Soccer League (USL) franchise, an amount equal to the amount of state sales and use tax revenue derived from the sales of admissions to games, food, and drinks sold on the premises, parking charges, related services, and any sales of authorized franchise goods and products.

ESTIMATED FISCAL IMPACT:

Decrease State Revenue - \$315,000/FY21-22
\$384,400/FY22-23 and Subsequent Years

Increase local Revenue - \$315,000/FY21-22
\$384,400/FY22-23 and Subsequent Years

Assumptions:

Memphis, Chattanooga, and Johnson City teams:

- Memphis, Chattanooga, and Johnson City currently have USL teams.
- According to the Department of Revenue (DOR) the estimated sales for the Memphis team is \$4,366,875, and \$857,500 for Chattanooga.
- Based on the 2010 census Chattanooga metropolitan area had 528,143 in population and Johnson City combined statistical area had 480,091. It is therefore estimated that the revenue from the Johnson City team would be \$779,482 $[(480,091 / 528,143) \times \$857,500]$.
- The total taxable sales from these three teams is estimated to be \$6,003,857 $(\$779,482 + \$857,500 + \$4,366,875)$.
- Pursuant to Tenn. Code Ann. § 67-6-103(a)(3)(A), local governments receive 4.603 percent of state sales tax revenue from the 5.5 percent tax rate as state-shared sales tax revenue.
- The decrease in state revenue and corresponding increase in local revenue is estimated to be \$315,012 $[(\$6,003,857 \times 5.5\%) - (\$6,003,857 \times 5.5\% \times 4.603\%)]$ in FY21-22.

Knoxville:

- It is estimated that the Knoxville team will not play their first game until FY22-23.

- Based on the 2010 census the population of Knoxville metropolitan area had 814,914 in population; it is therefore estimated that the revenue from the Knoxville team would be \$1,323,105 $[(814,914 / 528,143) \times \$857,500]$.
- The decrease in state revenue and corresponding increase in local revenue is estimated to be \$69,421 $[(\$1,323,105 \times 5.5\%) - (\$1,323,105 \times 5.5\% \times 4.603\%)]$ beginning in FY22-23.
- The total decrease in state revenue and corresponding increase in local revenue, beginning FY22-23 is \$384,433 $(\$69,421 + \$315,012)$.

CERTIFICATION:

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



Krista Lee Carsner, Executive Director

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