TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE

FISCAL NOTE

HB 1359 - SB 1351

March 1, 2019

SUMMARY OF BILL: Allocates state sales and use tax revenue, up to a maximum of $20,000,000, to an industrial development corporation (IDC) for an economic development project, as defined, if approved by the Commissioner of the Department of Finance and Administration (F&A).

Defines "economic development project" to mean a project of an industrial development board representing either a county where a federally funded project is located or a city within such county. Defines "federally funded project" to mean a facility designed and built for the processing of uranium which is funded by the United States Department of Energy.

Requires any allocation of state sales tax revenue to be used solely for the purpose of paying the indebtedness, principal and interest, and closing costs incurred by the IDC in financing the economic development project.

ESTIMATED FISCAL IMPACT:

Decrease State Revenue – $1,000,000/Each FY19-20 through FY38-39

Increase Local Revenue - $1,000,000/Each FY19-20 through FY38-39

Other Fiscal Impact – The Department of Finance and Administration will receive an unknown amount of application fee revenue as a result of this legislation. The extent and timing of any such increase in revenue is unknown.

Assumptions:

- This legislation requires a county or municipal IDC to submit a completed application to the Commissioner of F&A with an application fee.
- Based on information provided by F&A, they Department can develop rulemaking, policies and procedures for reviewing and certifying economic development projects utilizing existing resources without an increased appropriation or reduced reversion.
- The total amount of state sales and use tax revenue that may be distributed to the IDC under this legislation cannot exceed $20,000,000. Further, any allocations made for such purpose will not consist of any local sales tax revenue.

- The legislation prohibits any such allocation of state sales and use tax revenue from including portions derived pursuant to the Public Acts of 1992, Public Chapter 529, Section 9, and the Public Acts of 2002, Public Chapter 856, Section 4.
- It is assumed the maximum allowable amount of $20,000,000 will be apportioned to one municipal IDC for the purposes specified in this legislation.
- Given the apportionment of state sales tax revenue is to be used solely for the purpose of paying the indebtedness, principal and interest, and closing costs incurred by the IDC in financing the economic development project, it is assumed there will be a recurring allocation that will average approximately $1,000,000 per year for a 20-year financing term. Further, it is assumed such term will run FY19-20 through FY38-39.

CERTIFICATION:

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

Krista Lee Carsner

Krista Lee Carsner, Executive Director

/jem