

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

HB 1462 – SB 1589

April 5, 2018

SUMMARY OF ORIGINAL BILL: Requires all State Funding Board (SFB) estimates of state revenue for the upcoming fiscal year, as well as any revisions to the current fiscal year estimates, to be adopted by a majority vote. Requires the Governor's recommended budget, beginning with the budget for FY18-19, to be based on a projected growth rate not to exceed the midpoint within the revenue range for total taxes estimated by the SFB, and to reserve 0.2 percent of the midpoint estimate for legislative priorities. Establishes that such requirements shall not apply to any fiscal year in which the midpoint within the revenue range for total taxes is 1.5 percent or less. Requires funds reserved for legislative priorities pursuant to the above requirement to be allocated one-third for appropriation amendments and two-thirds for legislation. Authorizes the General Assembly to deposit any such funds into the Reserve for Revenue Fluctuations.

FISCAL IMPACT OF ORIGINAL BILL:

Other Fiscal Impact – Passage of this legislation will require the Governor's FY18-19 proposed budget to be reduced by \$36,291,800. In addition, \$29,154,600 of the Governor's FY18-19 proposed budget will be reserved for legislative priorities. The Governor's FY18-19 proposed budget will be reduced by a total of \$65,446,400.

Any future budgetary implications cannot be reasonably determined.

SUMMARY OF AMENDMENT (016699): Deletes sections 2 and 3 of the proposed legislation such that the bill as amended requires all SFB estimates of state revenue for the upcoming fiscal year, as well as any revisions to the current fiscal year estimates, to be adopted by a majority vote.

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

NOT SIGNIFICANT

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Assumption for the bill as amended:

- Pursuant to Tenn. Code Ann. § 9-4-5202(e)(1), the SFB is required, in November of each year, to conduct public hearings to develop consensus estimates of state revenue for the upcoming fiscal year, as well as any revisions to the current fiscal year estimates. Requiring such estimates to be adopted by a majority vote of the SFB, rather than a by a consensus, will not significantly impact revenue ranges estimated by the SFB.

CERTIFICATION:

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

A handwritten signature in blue ink that reads "Krista M. Lee". The signature is written in a cursive, flowing style.

Krista M. Lee, Executive Director

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