

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

HB 1914 – SB 1894

March 19, 2018

**SUMMARY OF ORIGINAL BILL:** Authorizes municipal natural gas utility systems to utilize revenues for the funding of chambers of commerce as well as economic and community organizations, as determined by the municipal legislative body.

FISCAL IMPACT OF ORIGINAL BILL:

Other Fiscal Impact – Permissive decreases in local revenue available for funding current statutory obligations of municipal natural gas utility systems. To the extent any funding is allocated to a non-municipal organization, there will be a permissive decrease in local revenue the extent and timing of such cannot reasonably be determined.

IMPACT TO COMMERCE OF ORIGINAL BILL:

Other Fiscal Impact – Due to multiple unknown variables a precise impact to commerce and jobs in Tennessee cannot reasonably be determined.

**SUMMARY OF AMENDMENT (015040):** Deletes and rewrites all language after the enacting clause such that there are no substantive changes to the legislation.

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

**Unchanged from the original fiscal note.**

Assumptions for the bill as amended:

- Under current law, pursuant to Tenn. Code Ann. § 7-34-115, municipal utility systems are operated as self-sufficient entities and are required to devote all revenues to specific obligations of the municipal utility, repayment of municipal investments into the utility, or payment in lieu of ad valorem taxes to the municipality.
- The proposed language would authorize municipal natural gas utility systems to also devote revenues to funding chambers of commerce and economic and community organizations, as determined by the municipal legislative body.
- To the extent municipal natural gas utility system allocates revenue to a chamber of commerce or an economic and community organization there will be permissive

HB 1914 – SB 1894

decreases in local revenue available for funding current statutory obligations of municipal natural gas utility systems.

- To the extent a municipal natural gas utility system allocates revenue to a chamber of commerce or an economic and community organization which is municipally operated, the result will be a permissive transfer of revenue from one municipal recipient to another. Any net impact to local revenue for such municipalities is considered not significant.
- To the extent a municipal natural gas utility system allocates revenue to a chamber of commerce or an economic and community organization which is not municipally operated, there will be a permissive decrease in local revenue allocations which would otherwise be made to current utility or municipal obligations.
- Due to multiple unknown factors such as the number of municipal natural gas utility systems which will be authorized to allocate revenues to a non-municipal organization, the extent of any revenues allocated to such organizations, and the timing of any such allocations; a precise permissive decrease in local government revenue cannot reasonably be determined.

## **IMPACT TO COMMERCE WITH PROPOSED AMENDMENT:**

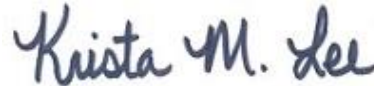
**Unchanged from the original fiscal note.**

Assumptions for the bill as amended:

- To the extent a municipal natural gas utility system is authorized to allocate revenues to a private business, there will be an equal and corresponding increase in private business revenue.
- Due to multiple unknown variables such as the extent of any revenues allocated to any private business, how any such monies will be utilized by private business and the timing of any business revenues and business expenditures, any impact to commerce and jobs in Tennessee cannot reasonably be determined.

## **CERTIFICATION:**

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



Krista M. Lee, Executive Director

/jrh