TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE

FISCAL MEMORANDUM

SB 2182 - HB 2797

March 26, 2024

SUMMARY OF BILL AS AMENDED (015086, 017340): Authorizes certain industrial development corporations (IDCs) to: (1) construct and install public infrastructure for qualified residential developments, or to contract for such services; (2) accept loans and grants from the state and federal government or an instrumentality thereof; and (3) make loans and grants to private entities constructing and installing public infrastructure for qualified residential developments.

Requires loans and grants made to IDCs by the state or an instrumentality thereof to be approved by the Comptroller of the Treasury (COT) and the Commissioner of Finance and Administration (F&A).

FISCAL IMPACT OF BILL AS AMENDED:

Other Fiscal Impact – A precise increase in state expenditures, local revenue, and permissive local expenditures cannot be estimated with certainty.

Assumptions for the bill as amended:

- An IDC is considered a public instrumentality of its creating local government and may accept loans and funds appropriated by such local government.
- The proposed legislation applies to an IDC created by a housing opportunity county, or a county with acute needs for additional housing to support the expected growth in population due to the undertaking of one or more economic development projects in the area that are certified by the Commissioner of Economic and Community Development (ECD) as expected to result in the employment of more than 1,000 new employees.
- Such IDC would be permitted to assist in the development of residential housing by constructing or installing public infrastructure for housing; accepting state or federal loans or grants; and making loans and grants to private entities for the construction and installation of public infrastructure for residential housing.
- If a state entity makes a loan or grant to an IDC, such loan or grant must be approved by the COT and the Commissioner of F&A.
- The COT and the Commissioner of F&A will absorb any increase in responsibilities with existing staff and resources; any increase in state expenditures is estimated to be not significant.
- To the extent that the state or an agency or instrumentality thereof makes a loan or grant to an IDC, there will be an increase in state expenditures and an equal, corresponding

increase in local revenue to the IDC. Additionally, any increase in federal loans or grants would result in an increase in local revenue, the extent of which cannot be determined.

- Furthermore, loans or grants from an IDC to a private entity would represent an increase in local expenditures.
- The fiscal impact of the proposed legislation is dependent on multiple unknown factors, such as: the number of economic development projects within a housing opportunity county that will be certified by the Commissioner of ECD, the number of qualified residential developments within such counties, and the extent of any loans or grants made by the state, federal government, or an IDC; therefore, a precise increase in state expenditures, local revenue, and permissive local expenditures cannot be estimated with certainty.

CERTIFICATION:

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

Krista Lee Carsner

Krista Lee Carsner, Executive Director

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