

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

HB 110

January 23, 2021

SUMMARY OF BILL: Enacts the *Save Tennessee Call Center Jobs Act* which requires certain employers, intending to relocate a call center from Tennessee to a foreign country, to notify the Commissioner of the Department of Labor and Workforce Development (DLWD) at least 60 days prior to any such relocation. Requires the Commissioner to compile and distribute a list semiannually of all employers that relocate a call center from this state to a foreign country to each division under the DLWD, the Department of Economic and Community Development, and the Department of Revenue. Prohibits employers in violation from receiving any state grants, guaranteed loans, tax benefits, tax credits, or refunds for five years. Requires that call center employers in violation of this Act remit unamortized value of any grant, guaranteed loans, tax benefits, or any other governmental support it has previously received to the DLWD. Effective January 1, 2022.

ESTIMATED FISCAL IMPACT:

Other Fiscal Impact – Potential increases in state revenue if certain call centers domiciled in Tennessee, who have received state grants, guaranteed loans, or tax benefits, subsequently relocate out of the country. The extent and timing of such increases in state revenue cannot be determined for they are dependent upon unknown factors.

Assumptions:

- Based on information previously received from the DLWD, the department can accomplish the provisions of the legislation within existing resources without an additional appropriation or a reduced reversion.
- The Department of Human Resources previously reported that the provisions of the legislation will have no impact on departmental operations.
- Based on information previously provided by the Division of TennCare, governmental support in the proposed legislation does not include contracts for services for its call center vendors. TennCare currently does not extend direct or indirect state grants, state-guaranteed loans, or tax credits; therefore, the proposed legislation will have no impact on the Division of TennCare.
- To the extent a call center in Tennessee is identified on the list created by the Commissioner of DLWD, as the result of the call center (or one or more facilities or operating units within a call center comprising 30 percent of the call center's total volume of operations) relocating from Tennessee to a foreign country, the call center

would then become ineligible for indirect state grants, state-guaranteed loans, or tax credits for three years after the date the list is published.

- The extent of indirect state grants and state-guaranteed loans which have been made to call centers is unknown. However, to the extent a call center relocates out of country and has to reimburse the state for any grants or loans, pursuant to Section 5(b) of this legislation, there could be increases in state revenue relative to any such instance.
- However, the extent and timing for any such increases in state revenue cannot be determined.
- Based on information previously received from the Department of Revenue, there are approximately 16 call centers that claim approximately \$865,591 in job tax credits annually. It is unknown if any of these 16 call centers would fall under the requirements of this legislation given the definition of “employer” as proposed in this legislation. Further, it is unknown if any other call centers are receiving any other types of tax credits.
- To the extent a call center, subject to the requirements of this legislation, has received tax credits and relocates out of country, the taxpayer could forfeit such tax credits and could become liable for any portion of tax liability that the tax credits would have otherwise eliminated for the taxpayer. As a result, there could be an increase in state revenue relative to any such call center, if they are required to pay the applicable portion of tax liability. However, the extent and timing for any such increases in state revenue cannot be determined.

IMPACT TO COMMERCE:

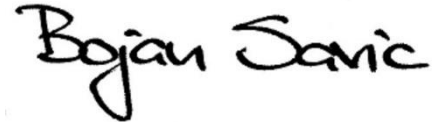
Other Commerce Impact – The impact to commerce and jobs in Tennessee cannot be quantified with reasonable certainty.

Assumptions:

- The precise impact to commerce and jobs in Tennessee as a result of this legislation is dependent upon multiple unknown factors. As a result, such impacts cannot be reasonably quantified.
- Passage of this legislation, despite being positive for Tennessee state government, could make Tennessee a slightly less attractive state to locate a call center in the future.
- Further, the amount of funds a business may have to repay to the state is unknown.
- These, along with several other factors, will be considered by any call center business when decided to locate to or relocate from the state.

CERTIFICATION:

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

A handwritten signature in black ink that reads "Bojan Savic". The signature is written in a cursive style with a large, prominent 'B' and 'S'.

Bojan Savic, Interim Executive Director

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