



March 9, 2023

SUMMARY OF BILL: Authorizes a municipal or county government to create a grant program for eligible nonprofit organizations that own and rent residential property at least 25 percent below market rate, upon approval of the program by the Comptroller of the Treasury (COT). Requires the municipal or county government to set a maximum amount of grant money available to each nonprofit organization that is equal to or less than the amount of property tax due on the residential property.

Requires the COT to evaluate and ensure that programs comply with certain criteria. Further requires nonprofits to annually recertify with the local government the organization's eligibility for the program.

FISCAL IMPACT:

**Increase State Expenditures - \$117,700/FY23-24
\$115,200/FY24-25 and Subsequent Years**

Other Fiscal Impact – The extent of any permissive increase in local government expenditures cannot reasonably be determined.

Assumptions:

- The proposed legislation would require the COT to review and ensure that programs:
 - Comply with the Constitution of Tennessee;
 - Have reasonable and equitable eligibility criteria; and
 - Have a clawback provision to reclaim funds if the recipient fails to meet eligibility requirements.
- Based on information provided by the COT, there are at least 437 local governments in the state that could seek approval for such a program.
- The COT will require one additional attorney position in the Office of General Counsel, beginning FY23-24.
- There will be a recurring increase in state expenditures of \$115,232 (\$89,964 salary + \$22,268 benefits + \$3,000 travel and training) beginning in FY23-24 and a one-time increase in state expenditures in FY23-24 of \$2,500 for equipment.
- There will be a total increase in state expenditures of \$117,732 (\$115,232 + \$2,500) in FY23-24 and a recurring increase in state expenditures of \$115,232 in FY24-25 and subsequent years.

- The proposed legislation is permissive and would authorize a local government to create a grant program for eligible nonprofits that provides grants equal to or less than the amount of property tax due on the organization's residential property.
- A local government that chooses to implement such a program will experience an increase to expenditures; however, due to multiple unknown factors such as which local governments will create a program, how many eligible nonprofit organizations will request grants, and the amount of property taxes paid within the boundaries of each local government, the extent and timing of any permissive increase in expenditures cannot reasonably be determined.
- Requiring nonprofit organizations to annually recertify their eligibility with the local government will not result in any fiscal impact to local government.

CERTIFICATION:

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

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

Krista Lee Carsner, Executive Director

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