



March 1, 2023

SUMMARY OF BILL: Expands the types of projects that a tourism development authority (Authority) may fund. Requires the approval of the Authority's creating local government to issue and sell revenue bonds, and authorizes the Authority to issue interim certificates or notes or other temporary obligations pending the issuance of its revenue bonds.

Prohibits a local government from contributing to an Authority revenue derived from property taxes for the purpose of issuing bonds or as payment of or collateral for any revenue bonds of the Authority.

Requires a local government to request approval from the Comptroller of the Treasury (COT) before pledging any revenues to an Authority for issuance of bonds. Requires the COT to notify an Authority of the COT's verdict within 10 days of receiving the request. Provides that if the COT fails to act within such time, then the Authority may proceed to sell the bonds or notes.

FISCAL IMPACT:

NOT SIGNIFICANT

Assumptions:

- Pursuant to Tenn. Code Ann. § 7-69-102(a)(2)(A)(ii), an Authority is a public and governmental body acting as an agency and instrumentality of the municipality or county with respect to which the Authority is organized.
- Expanding the types of projects that an Authority is allowed to fund may result in an increase to local expenditures for those projects; however, since an Authority is an instrumentality of a creating government, any increase to local expenditures would be considered a shifting of funds within the local government, resulting in no significant fiscal impact.
- The proposed legislation requires an Authority to seek approval from the creating local government before issuing bonds and authorizes the Authority to issue interim certificates or notes. These provisions are not expected to have a significant impact on the amount of bonds issued by Authorities and, therefore, will not have a significant fiscal impact on local government.
- If a local government is currently providing property tax revenue to an Authority, it is assumed that the local government would either direct such funds to another purpose or

reserve those monies and provide funding to the Authority from an alternate source. The net impact is estimated to be not significant.

- Should a local government direct funds to another purpose, that would represent a decrease to local revenue for Authorities; however, since an Authority is considered an instrumentality of the creating government, the net impact of any decrease to Authority revenue is considered to be not significant.
- The proposed legislation requires a local government to obtain approval from the COT before pledging revenues to an Authority for the issuance of bonds.
- According to the COT, this increase in responsibility can be absorbed utilizing existing staff and resources, and therefore, will not have any significant fiscal impact to state government.
- Requiring COT approval prior to pledging revenues to an Authority is not expected to have a significant impact on the amount of revenue pledged by a local government. Any fiscal impact to local government is estimated to be not significant.

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

/mp