

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

SB 891 - HB 1085

February 24, 2023

SUMMARY OF BILL: Extends, until June 30, 2059, the current allocation of state sales tax revenue to Memphis, as it pertains to the Memphis Grizzlies, for the exclusive use of its sports authority.

ESTIMATED FISCAL IMPACT:

Forgone State Revenue – Exceeds \$5,000,000/Each Year FY31-32 through FY58-59

Other Fiscal Impact – Local revenue loss avoidance exceeding \$5,000,000 in each year FY31-32 through FY58-59 for Memphis for the exclusive use of its sports authority.

Assumptions:

- Pursuant to Tenn. Code Ann. § 67-6-103(d)(1)(B), the allocations of state sales tax collections would end 30 years from the date that the first game is played by the professional sports franchise in a municipality.
- The Grizzlies first game after relocating to Memphis was on November 1, 2001; as a result, FY31-32 is the year that these allocations would be ending under current law.
- The FY21-22 allocations were approximately \$4,500,000. Fiscal Review Committee staff estimates sales tax growth of 8.53 percent in FY22-23 and additional growth of 4.06 percent in FY23-24. The exact amount of such revenue growth in future years is unknown but is assumed to increase over time.
- The proposed legislation will continue an allocation of state sales tax revenue to Memphis for the exclusive use of its sports authority in an amount estimated to exceed \$5,000,000 in each year FY31-32 through FY58-59.
- Current budgetary levels will not be impacted as the majority of this revenue has never been retained by the state. Therefore, the impact of this legislation on state government revenue is considered forgone.
- The proposed legislation will continue the current longstanding allocation of revenue to Memphis.

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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