

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

SB 981 - HB 1117

March 6, 2023

SUMMARY OF BILL: Exempts a community development entity or sub-community development entity from the franchise and excise taxes if the entity is: (1) certified by the Community Development Financial Institutions Fund (CDFI Fund); and (2) has received an allocation of federal New Markets Tax Credits (NMTC) from a Community Development Entity (CDE) that are used to fund a qualified low-income community investment in a Tennessee facility or operations of a business or nonprofit entity where the qualified low-income community investment expands Tennessee-based business or nonprofit operations. Effective January 1, 2024.

ESTIMATED FISCAL IMPACT:

Decrease State Revenue – Exceeds \$40,000/FY23-24
Exceeds \$100,000/FY24-25 and Subsequent Years

Assumptions:

- The proposed legislation is effective beginning in tax year 2024; therefore, the FY23-24 impact will represent only two estimated payments made, or 40 percent of a full-year impact.
- Based on information provided by the Department of Revenue (DOR), it is estimated that approximately 20 taxpayers will qualify for the exemption.
- The average exemption will result in a decrease in franchise and excise tax revenue of at least \$5,000 per taxpayer.
- A total decrease in state revenue estimated to exceed \$40,000 (20 x \$5,000 x 40%) in FY23-24 and exceed \$100,000 (20 x \$5,000) in FY24-25 and subsequent years.

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".

Krista Lee Carsner, Executive Director

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