



March 6, 2023

SUMMARY OF BILL AS AMENDED (003845): Requires all publicly traded corporations, including those traded on foreign stock exchanges, doing business in the state of Tennessee for which 50 percent or more of the corporation's voting stock is owned, directly or indirectly, by a publicly traded corporation to file an additional tax disclosure statement with the Secretary of State (SOS). Authorizes corporations who must file the additional statement that are not required to file a Tennessee excise tax return to elect to file an alternative statement with the SOS containing all applicable information that is submitted by filing corporations who also file an excise tax return; an explanation of why the corporation is not required to file a Tennessee excise tax return; and identification of the filing corporations total gross receipts from sales to purchasers in Tennessee. Clarifies additional statements submitted are open for public review. Imposes a civil penalty up to \$5,000 if a corporation fails to submit an additional statement within 60 days after it is due. Allows applicable corporations required to file the additional statement to submit supplemental, publicly available, information to facilitate proper interpretation of the information contained in the additional statement. Requires the Department of Revenue (DOR) to offer assistance to the SOS. Subjects the required statements to audit by the DOR. Effective January 1, 2024.

FISCAL IMPACT OF BILL AS AMENDED:

**Increase State Expenditures – \$309,500/FY23-24
\$291,000/FY24-25 and Subsequent Years**

Assumption:

- The proposed legislation will not affect the amount of tax collected in any given fiscal year.
- The proposed legislation will place additional administrative requirements on DOR and SOS.
- Based on information provided by DOR, the proposed legislation will require DOR to hire three Tax Auditing Associates.
- Based on information provided by SOS, the proposed legislation will require SOS to fill one SOS Business Services Officer 1 position.
- The estimated recurring increase in state expenditures as a result of DOR hiring three Tax Auditing Associates will be \$217,947 {[((\$53,100 salary + \$16,149 benefits) x 3 positions] + \$10,200 on training, computer software, and supplies costs} in FY23-24 and subsequent years.

- The estimated increase in one-time state expenditures for DOR as a result of having to purchase two additional computers and additional supplies will be \$1,350 per position, for a total of \$4,050 ($\$1,350 \times 3$ positions) in FY23-24.
- The estimated increase in one-time state expenditures for SOS as a result of having to contract to create a new entity filing name, new types of forms, new workflows to process new types of printable forms, new reporting functions, and new database fields to hold new data with back office functions will be \$160,000 in FY23-24.
- The estimated recurring increase in state expenditures as a result of SOS hiring to fill a Business Services Officer 1 position and annual system maintenance will be \$73,032 ($\$39,192$ salary + $\$13,840$ benefits + $\$20,000$ yearly maintenance of software needed to handle new document filings) in FY23-24 and subsequent years.
- Due to the January 1, 2024 effective date the first-year impact for positions will be half.
- The total estimated increase in state expenditures in FY23-24 will be \$309,540 $\{[(\$217,947 + \$73,032) \times 50\%] + \$4,050 + \$160,000\}$.
- The estimated recurring increase in state expenditures in FY24-25 and subsequent years will be \$290,979 ($\$217,947 + \$73,032$).

CERTIFICATION:

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



Krista Lee Carsner, Executive Director

/mk