

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

SB 1641 - HB 1582

March 4, 2018

SUMMARY OF BILL: Requires one-half of the allocation to the Tennessee Arts Commission (TAC) from the sale of new specialty earmarked license plates to be distributed in the form of grants to priority schools for the purpose of hiring art teachers at the priority schools in the sequential order of elementary schools, middle schools, and to high schools, and any excess funding of such one-half allocation to be used to purchase art supplies and be distributed in the same sequential order.

ESTIMATED FISCAL IMPACT:

Other Fiscal Impact – A reallocation of approximately \$881,300 in grants currently provided by the Tennessee Arts Commission (TAC) to nonprofits, local governments, schools across all 95 counties in the state, and for certain other legislative priorities, to grants for hiring art teachers and purchasing art supplies at the priority schools located in Metro Nashville, Shelby County, Hamilton County, Knox County, and Jackson-Madison. The total amount of revenue received by the TAC and the total amount of funding expended by the TAC will not be impacted.

Assumptions:

- Pursuant to Tenn. Code Ann. § 55-4-215(a) and (b), all revenues produced from the sale or renewal of new specialty earmarked motor vehicle registration plates, after deducting the expense the Department of Revenue has incurred in designing, manufacturing and marketing the plates, is allocated as follows: 50 percent to the nonprofit organization or state agency or fund earmarked to receive the funds by the statute authorizing the issuance of the plate; 40 percent to the TAC; and 10 percent to the Highway Fund.
- The revenues allocated to the TAC are currently required to be distributed by the TAC in the form of grants to arts organizations or events which meet criteria established by the TAC for receiving grants, within the following parameters: one-third of the funds will be distributed to qualifying arts organizations or events in urban counties; and two-thirds of the funds will be distributed to such organizations or events in rural counties. However, before any such allocation, the TAC is authorized to retain up to 50 percent of the revenues allocated to the TAC for other grants and activities as determined by the TAC.
- The proposed legislation requires the TAC to expend funding currently used for other grants and activities as determined by the TAC on grants to schools for the purpose of

hiring art teachers and purchasing art supplies. Funding for qualifying arts organizations or events from the remaining 50 percent will not be impacted.

- In FY16-17, the TAC was allocated a total of \$1,762,505 from the sale of new specialty license plates. This amount is assumed to remain constant into perpetuity.
- Pursuant to this legislation, 50 percent of such funding, or \$881,253 ($\$1,762,505 / 2$), will be required to be spent in the form of grants to schools for hiring art teachers and purchasing arts supplies at the priority schools, rather than on other grants and activities as determined by the TAC.
- According to the Department of Education, there are currently five districts with priority schools: Metro Nashville Public Schools, Shelby County, Hamilton County, Knox County, and Jackson-Madison. Schools in such districts will receive \$881,253 in annual grants to hire art teachers and purchase art supplies. The TAC reports that 87 percent of such schools are in Metro Nashville or Shelby County.
- According to the TAC, such funding is currently used for arts and programming grants to nonprofits, local governments and schools across all 95 counties in the state, as well as certain other legislative priorities.

CERTIFICATION:

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



Krista M. Lee, Executive Director

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