

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



**FISCAL NOTE**

**SB 1741 - HB 1835**

March 10, 2024

**SUMMARY OF BILL:** Allocates 2.83 percent of state sales tax revenue collected within each county to the 11 fastest-growing counties to such counties. Requires such counties to earmark the funds for the purposes of education facility maintenance, construction, and infrastructure. Repeals the allocation July 1, 2029.

**FISCAL IMPACT:**

**Decrease State Revenue – \$137,282,800/Each Year FY24-25 through FY28-29**

**Increase Local Revenue – \$137,282,800/Each Year FY24-25 through FY28-29**

Assumptions:

- Fiscal Review Committee (FRC) staff estimates sales tax collections will grow 3.21 percent in FY23-24 and 4.14 in FY24-25 and is assumed to stay constant into perpetuity.
- This legislation will require 2.83 percent of the state sales tax be allocated to the 11-fastest growing counties based off the numeric population increase.
- Pursuant to Tenn. Code Ann. § 67-6-103(a), 5.5 percent of sales and use taxes are subject to allocations to the General Fund; furthermore, the 1.5 percent of collections in Tenn. Code Ann. § 67-6-103(c) are not subject to the 2.83 percent allocation imposed by the legislation.
- For the purposes of this analysis, it is assumed the 11 fastest-growing counties will remain the same through FY28-29.
- Based on U.S. Census Bureau population and associated growth rate estimates, the 11 fastest-growing counties, numerically, are Blount, Davidson, Hamilton, Knox, Maury, Montgomery, Rutherford, Sumner, Washington, Williamson, and Wilson Counties.
- The recurring collections allocated to such counties are as follows:

State Sales Tax Collections		Estimated Collections		Estimated Allocations Beginning FY24-25	
County	FY22-23	FY23-24	FY24-25	5.5% Subject to Allocation	Additional 2.83% Allocation
Blount	\$196,094,267	\$202,388,893	\$210,767,794	\$165,603,266	\$4,686,572
Davidson	\$1,844,625,321	\$1,903,837,794	\$1,982,656,678	\$1,557,801,676	\$44,085,787
Hamilton	\$604,837,140	\$624,252,413	\$650,096,462	\$510,790,078	\$14,455,359
Knox	\$949,185,900	\$979,654,768	\$1,020,212,475	\$801,595,516	\$22,685,153
Maury	\$149,622,155	\$154,425,026	\$160,818,222	\$126,357,174	\$3,575,908
Montgomery	\$266,918,144	\$275,486,216	\$286,891,345	\$225,414,628	\$6,379,234
Rutherford	\$549,748,265	\$567,395,184	\$590,885,345	\$464,267,057	\$13,138,758
Sumner	\$231,198,307	\$238,619,773	\$248,498,631	\$195,248,925	\$5,525,545
Washington	\$217,760,753	\$224,750,873	\$234,055,559	\$183,900,796	\$5,204,393
Williamson	\$514,543,482	\$531,060,328	\$553,046,225	\$434,536,320	\$12,297,378
Wilson	\$219,615,437	\$226,665,093	\$236,049,028	\$185,467,093	\$5,248,719
<b>Totals</b>	<b>\$5,744,149,171</b>	<b>\$5,928,536,359</b>	<b>\$6,173,977,765</b>	<b>\$4,850,982,529</b>	<b>\$137,282,806</b>

- For the purposes of this analysis, it is assumed the 11 fastest-growing counties will remain the same through FY28-29. However, with shifts in population and locally generated sales tax revenue, in accordance with this legislation, not only will the dollar amount allocated to the counties change, but the counties receiving this allocation may change.
- The decrease in state revenue and corresponding increase in local revenue is estimated to be \$137,282,806 in each year FY24-25 through FY28-29.

**CERTIFICATION:**

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



Krista Lee Carsner, Executive Director

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