

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



**FISCAL NOTE**

**SB 2289 - HB 2525**

April 4, 2024

**SUMMARY OF BILL:** Requires a county register to remit 20 percent of collected realty transfer and mortgage taxes to the Tennessee Housing Development Agency (THDA) for deposit into the Homebuyers' Revolving Loan Fund Pool for purposes of making low-interest and zero-interest construction loans to low-income persons who live in areas with a critical need for affordable housing. Requires the funds to be accounted for separately. Authorizes THDA to promulgate rules for purposes of administering the funds.

**FISCAL IMPACT:**

**Increase State Revenue – \$80,184,000/FY24-25 and Subsequent Years/  
Homebuyers' Revolving Loan Fund Pool**

**Decrease State Revenue – \$80,184,000/FY24-25 and Subsequent Years/  
General Fund**

**Increase State Expenditures – \$974,600/FY24-25 and Subsequent Years/  
General Fund**

**Other Fiscal Impact – The precise timing and amount of any loans issued, loan repayments collected, and additional interest revenue to the Homebuyers' Revolving Loan Fund Pool, if any, are dependent on multiple unknown factors cannot be reasonably determined.**

Assumptions:

- Pursuant to Tenn. Code Ann. § 67-4-409(a), \$0.37 per \$100 tax is collected on all transfers of realty, whether by deed, court deed, decree, partition deed, or other instrument evidencing transfer of any interest in real estate.
- Pursuant to Tenn. Code Ann. § 67-4-409(b), \$0.115 per \$100 indebtedness is collected on all mortgages, deeds of trust, conditional sales contracts, financing statements contemplated by the Uniform Commercial Code, compiled in title 47, and liens on personalty.
- County registers are charged with the collection of realty transfer and mortgage taxes which are then distributed to several other funds with the remaining transferred to the General Fund.

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- According to the Department of Revenue’s Realty Transfer and Mortgage Collection Report by Counties, county registers collected \$400,919,790 in transfer and mortgage taxes in FY22-23. This number is assumed to be representative of collections in future years.
- Remitting 20 percent of the \$400,919,790 collected realty transfer and mortgage taxes to THDA would increase state revenue under THDA Homebuyers' Revolving Loan Fund Pool by \$80,183,958 ( $\$400,919,790 \times 20\%$ ) in FY24-25 and subsequent years.
- The additional distribution to THDA homebuyers' revolving loan fund would result in a corresponding decrease of \$80,183,958 to the General Fund in FY24-25 and subsequent years.
- Such funds will be used to issue low-interest and zero-interest loans. The precise timing of any loans issued, loan repayments collected, and additional interest revenue to the fund, if any, cannot be reasonably determined.
- According to THDA the administration of the fund cannot be handled within existing resources. THDA will require 10 new positions (1 Chief Legal Counsel position, 1 Manager position, 3 Quality Assurance Analyst positions, 5 Coordinators positions) beginning in FY24-25 to manage and oversee the program, provide accounting, payment processing, and compliance monitoring.
- The total recurring increase in state expenditures is as follows:

Title	Salary	Benefits	#Positions	Total
Chief Legal Counsel	\$207,600	\$39,637	1	\$247,237
Manager	\$66,600	\$18,657	1	\$85,257
Quality Assurance Analyst	\$67,008	\$18,725	3	\$257,199
Coordinators	\$59,496	\$17,478	5	\$384,870
			Total:	\$974,558

- A total increase in state expenditures from the General Fund of \$974,558 in beginning in FY24-25 and subsequent years.

**CERTIFICATION:**

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



Krista Lee Carsner, Executive Director

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