

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

SB 173 - HB 247

January 28, 2023

SUMMARY OF BILL: Exempts services furnished by persons engaged in the appraisal of real estate or real property from the business tax.

ESTIMATED FISCAL IMPACT:

Decrease State Revenue – \$111,100/FY23-24 and Subsequent Years

Decrease Local Revenue – \$115,700/FY23-24 and Subsequent Years

Assumptions:

- According to the Department of Revenue, business tax collections for businesses with a real estate appraisal services classification were \$197,742 in FY21-22.
- According to Fiscal Review Committee staff estimates, growth rates for the business tax are estimated to be 9.23 percent in FY22-23, and 5.0 percent in FY23-24. For purposes of this fiscal note, it is assumed that the growth rates for real estate appraisal services business tax collections are the same as the growth rates for overall business tax collections.
- The total recurring decrease in revenue is estimated to be \$226,793 ($\$197,742 \times 1.0923 \times 1.05$) in FY23-24 and subsequent years.
- Based on FY21-22 collections data, approximately 49 percent of business tax collections were allocated to the General Fund and approximately 51 percent were allocated to local governments.
- The estimated recurring decrease in state revenue is \$111,129 ($\$226,793 \times 49\%$) in FY23-24 and subsequent years.
- The estimated recurring decrease in local revenue is \$115,664 ($\$226,793 \times 51\%$) in FY23-24 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". The signature is written in a cursive, flowing style.

Krista Lee Carsner, Executive Director

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