



February 11, 2021

SUMMARY OF BILL: Authorizes various changes to the budget and authority of joint Economic and Community Development Boards (Boards). Requires Boards to submit a report describing its activities and expenditures to the Department of Economic and Community Development (ECD) and for such report to be published on ECD's website.

ESTIMATED FISCAL IMPACT:

Other Fiscal Impact – Permissive increases in local government revenue and expenditures may occur; however, the extent and timing of such impact cannot be determined due to multiple unknown variables.

Assumptions:

- Pursuant to Tenn. Code Ann. § 6-58-114, the Boards are:
 - Established in each county through an interlocal agreement with all cities lying within the county's boundaries;
 - Composed of county and city officials, private citizens, and present industries and businesses;
 - Funded jointly by the participating local governments; and
 - Created to foster economic and community development and authorized to transfer or donate funds to public or nonprofit entities within the county for economic or industrial development purposes.
- The proposed language authorizes:
 - The Boards to contract with industrial development corporations, development districts, human resource agencies, nonprofit corporations, and private businesses to deliver services that further economic growth within their community, including those initiatives that are not directly related to economic growth but hinder development, such as drug abuse and crime; and
 - Participating local governments to enter into agreements with non-governmental members of the Boards to contribute to the funding of the Board.
- Authorizing the Boards to contract with such public and private entities to deliver services may result in permissive increases in local government expenditures; however, the extent of any such permissive increase will be dependent upon the number of contracts and their terms.
- In the event non-governmental members contribute to the funding of the Board, it could result in a decrease in the ratio of funds which participating local governments would be

required to provide in the absence of such an agreement or it could increase overall funding for the Board; however, any such permissive alteration in local government expenditures associated with Board contributions will be dependent upon the number of such agreements, the number of non-governmental contributors, and their level of contribution. The Boards are currently authorized to accept and expend donations, grants and payments from persons and entities other than participating governments.

- The ECD will publish the required report on their website utilizing existing staff and resources; therefore, any fiscal impact to state government is considered not significant.

IMPACT TO COMMERCE:

Other Commerce Impact – Due to multiple unknown variables, a precise impact on commerce and jobs in this state cannot be quantified with reasonable certainty.

Assumptions:

- The proposed legislation authorizes the Boards to contract with industrial development corporations, development districts, human resource agencies, nonprofit corporations, and private businesses to deliver services that further economic growth within their community, including those initiatives that are not directly related to economic growth but hinder development, such as drug abuse and crime.
- Due to multiple unknown variables, a precise commerce and jobs impact associated with the delivery of such services cannot be quantified with reasonable certainty.

CERTIFICATION:

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



Bojan Savic, Interim Executive Director

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