

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

HB 1477 – SB 1509

January 29, 2018

**SUMMARY OF ORIGINAL BILL:** Authorizes nonprofit organizations to submit an annual charitable gaming event application to the Secretary of State's office (SOS) within five calendar days after the effective date of this act for events to be held prior to June 30, 2018.

FISCAL IMPACT OF ORIGINAL BILL:

Increase State Revenue - \$3,000/FY17-18/Division of Charitable Solicitations

**SUMMARY OF AMENDMENT (012011):** Deletes and rewrites all language after the enacting clause such that the only substantive change requires nonprofit organizations to submit \$50 of the application fee for an annual charitable game event at the time the application is submitted, with the remainder due within 90 calendar days of the event's conclusion.

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

Increase State Revenue - \$3,000/FY17-18/Division of Charitable Solicitations

**Other Fiscal Impact – Beginning in FY18-19 and each year thereafter, portions of annual charitable gaming event application fees will shift forward one fiscal year; however, the net impact to state revenue to the Division of Charitable Solicitations is considered not significant.**

Assumptions for the bill as amended:

*Assumptions relative to events held in FY17-18:*

- The proposed legislation would provide five additional days for nonprofit organizations to file annual event applications with the SOS for events held prior to June 30, 2018.
- Under current law, pursuant to Tenn. Code Ann § 3-17-104, upon filing an application, nonprofit organizations must submit a nonrefundable fee ranging from \$150 to \$600, based on the estimated gross revenue to be collected at the charitable gaming event, with all application fees collected reverting to the Division of Charitable Solicitations.

- Approximately 10 additional organizations will apply to conduct an annual charitable gaming event as a direct result of this legislation prior to June 30, 2018, and will pay an average fee of \$300 per application. For these additional gaming events, it is assumed that all applicable organizations will pay the total required application fee within FY17-18. Therefore, the one-time increase in state revenue in FY17-18 to the Division of Charitable Solicitations is estimated to be \$3,000 (10 applications x \$300 per application).
- Any increase in state expenditures to process additional applications will be not significant.

*Assumptions relative to events held in FY18-19 or later:*

- The proposed language would require nonprofit organizations to submit \$50 of the application fee upon filing an application and the remaining balance of the fee within 90 calendar days of the event's conclusion.
- Under current law, pursuant to Tenn. Code Ann. § 3-17-103, a nonprofit organization seeking to operate an annual charitable gaming event shall submit an application to the SOS by January 31st of each year for any event period beginning July 1 of that calendar year and ending June 30 of the subsequent calendar year.
- The proposed language will result in \$50 of an application fee being paid within one fiscal year with the remaining portion of the fee paid in the subsequent fiscal year, upon the completion of the event.
- The proposed language will result in portions of future application fees being collected one fiscal year later than they would be collected under current law; therefore resulting in a shift of revenue from FY18-19 to FY19-20 and so on into perpetuity. However, current application fee ranges are not altered; therefore the net impact to state revenue to the Division of Charitable Solicitation is considered not significant.

**CERTIFICATION:**

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



Krista M. Lee, Executive Director

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