

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



FISCAL NOTE

SB 2840

May 8, 2020

**SUMMARY OF BILL:** Defines and classifies terms associated with digital currencies and digital assets. Establishes a \$0.0002 annual tax on all digital securities and digital assets held in custodial accounts. Establishes a \$1,000 fee for an entity seeking to make an open blockchain token available for sale.

**ESTIMATED FISCAL IMPACT:**

**Increase State Revenue – Exceeds \$584,300/FY20-21/DFI**  
**Exceeds \$487,700/FY21-22 and Subsequent Years/DFI**  
**\$10,000/FY20-21/SOS**  
**\$1,000/FY21-22 and Subsequent Years/SOS**

**Increase State Expenditures – \$504,300/FY20-21/DFI**  
**\$487,700/FY21-22 and Subsequent Years/DFI**

Assumptions:

*Financial Institutions:*

- The proposed legislation authorizes the Department of Financial Institutions (DFI) to charge a \$0.0002 supervision fee for each dollar of digital assets held in custodial accounts by banks.
- For the DFI to adequately monitor these new accounts and institutions, it is estimated that in FY20-21 the Department would need to hire three Bank Examiner 4 positions for \$300,657 [(\$77,460 salary + \$19,432 benefits + \$3,327 training and supplies) x 3 positions], one Loan Examiner 4 position for \$93,852 (\$72,000 salary + \$18,525 benefits + \$3,327 training and supplies), and one Attorney for \$109,776 (\$85,656 salary + \$20,793 benefits + \$3,327 training and supplies).
- In total it is estimated that the DFI would experience an increase in expenditures of \$504,285 (\$300,657 + \$93,852 + \$109,776) in FY20-21, and \$487,650 {[((\$77,460 + \$19,432) x 3) + (\$72,000 + \$18,525) + (\$85,656 + \$20,793)]} in FY21-22 and subsequent years.
- It is estimated that through the \$0.0002 supervisory fee the DFI would, at a minimum, have an offsetting increase in revenue in FY20-21 of \$584,285 and an offsetting increase in revenue in FY21-22 and subsequent years of \$487,650.

*Secretary of State:*

- Based on Fiscal Review Committee staff research, it is estimated that there are approximately 10 entities in Tennessee who would be required to register with the Secretary of State (SOS) and pay the \$1,000 fee to make blockchain tokens available for sale.
- The estimated increase in state revenue from entities paying this fee in FY20-21 is \$10,000 (\$1,000 x 10). For FY21-22 and subsequent years it is estimated that one company a year will file with the SOS, increasing state revenue by \$1,000.
- Any increase in expenditures to the SOS is estimated to be not significant.

**IMPACT TO COMMERCE:**

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

Assumption:

- Due to multiple unknown factors, a precise impact on commerce or jobs in Tennessee cannot be quantified with reasonable certainty.

**CERTIFICATION:**

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



Krista Lee Carsner, Executive Director

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