

Research Plan: Public Chapter 693, Acts of 2018 Nontax-producing properties

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Due: March 1, 2019 Support: Tyler Carpenter, Bill Terry, and Ben Smith

Deputy Executive Director Approval: Initial: MMB Date: 4-27-18

Executive Director Approval: Initial:  Date: 4/27/18

Purpose:

To determine the amount of nontax-producing properties held by the state and its local governments and provide recommendations as to the highest and best uses of the properties and ways for making the properties productive.

Background:

Bass Pro Shops opened a new store in East Ridge, Tennessee in 2016. Most of the land for the development was surplus property that the Tennessee Department of Transportation (TDOT) had owned for many years after it built a welcome center along the interstate. The city of East Ridge had previously bought some of the land for a fire station and worked with the developer and TDOT over several years to relocate the fire station and acquire additional property for the Bass Pro development. Public Chapter 693, Acts of 2018 directs TACIR to determine the amounts of nontax-producing property that exists in the state and make recommendations on how this property can be better used.

Step 1. Define the Problem

Is there a surplus of unused, tax-exempt land owned by the state or local governments that could be used for a better purpose, to include development that generates tax revenue?

Step 2. Assemble Some Evidence

- Review referred legislation.

- Review committee hearings on the bills and summarize comments and concerns of committee members, the bill sponsors, and others speaking for or against the bill.
- Interview the bill sponsors, proponents, and other stakeholders to determine what is driving the issue, including, but not limited to:
 - Tennessee Comptroller of the Treasury
 - Division of Property Assessments and
 - Office of Local Government,
 - Tennessee Department of Economic and Community Development,
 - Tennessee Department of Transportation Excess Land Committee,
 - Tennessee Department of General Services, Real Estate Asset Management Division,
 - State Building Commission,
 - County Technical Assistance Service,
 - Municipal Technical Advisory Service,
 - Tennessee Association of Assessing Officers,
 - Tennessee Bankers Association,
 - Tennessee Developers Council,
 - Commercial Real Estate Development Association (NAIOP),
 - Tennessee Economic Development Council,
 - Tennessee Valley Authority Economic Development,
 - tax attorneys,
 - land bank managers, and
 - local officials, including
 - county mayors in rural areas,
 - county mayors in urban areas,
 - city mayors in rural areas, and
 - city mayors in urban areas.

- Review the fiscal note. Consult with Fiscal Review Committee staff and follow up with agencies submitting support forms to determine the estimated cost and the method and rationale for the estimates.
- Review prior Tennessee legislation regarding non-tax producing property.
- Review Tennessee’s laws related to appraisal and property assessment.
- Review Tennessee’s laws regarding local governments’ powers to own and transfer property.
- Review financial incentives available in–Tennessee and other states–to encourage the development of surplus government property.
- Collect information on the amount of nontax-producing properties are held by the State of Tennessee and local governments.
- Review other states’ laws concerning non-tax producing property.
- Review relevant federal rules and regulations.
- Review literature and seek opinions of subject matter experts.
- Review previous Commission reports on land use.
- Convene a panel of stakeholders to speak with the Commission at its August 2018 meeting.

Step 3. Construct Alternatives

Alternatives will be based on

- current law and
- any additional alternatives drawn from the research and analysis in Step 2.

Step 4. Select Criteria

- Cost to
 - state government,
 - local governments,
 - taxpayers,
 - developers, and
 - property owners.
- Fairness to

- state government,
- local governments,
- taxpayers,
- developers, and
- property owners.
- Estimate receptiveness of
 - state government,
 - local governments,
 - taxpayers,
 - developers, and
 - property owners.

Step 5. Project Outcomes

- For each alternative,
 - estimate
 - cost,
 - effectiveness, and
 - acceptability to various interests; and
 - evaluate questions of fairness to state and local governments taxpayers, developers, and property owners.

Step 6. Confront Trade-offs

- What are the pros and cons of potential alternatives?
- How will changes to current law affect the stakeholders?

Step 7. Decide which alternatives to present to the Commission

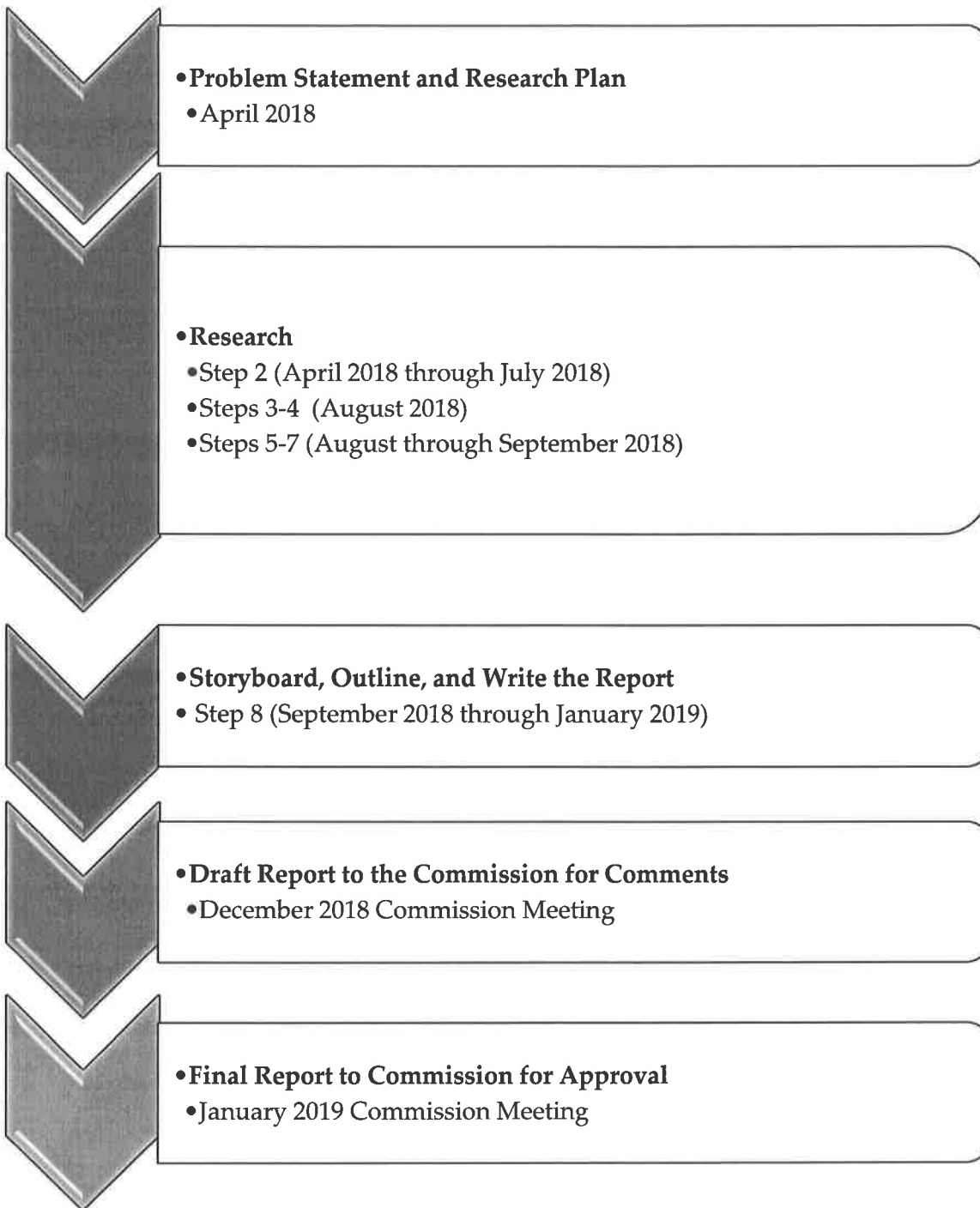
Based on the results of Step 6, choose the alternatives that most practically and realistically resolve the problem.

Step 8. Produce the Draft Report

Develop and present a draft for review and comment to the Commission.

Revisit Steps 5-8.

- Respond to feedback from Commission regarding outcome projections, trade-offs, and selection of alternatives.
- Revise and edit the draft to reflect comments of the Commission.
- Submit final report to the Commission for approval.





State of Tennessee

PUBLIC CHAPTER NO. 693

HOUSE BILL NO. 1735

By Representatives Carter, Hardaway

Substituted for: Senate Bill No. 2650

By Senator Watson

AN ACT to amend Tennessee Code Annotated, Title 67, Chapter 5, to direct the Tennessee advisory commission on intergovernmental relations to conduct a study on governmental property.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. The Tennessee advisory commission on intergovernmental relations (TACIR) is directed to perform a study of, and determine the amounts of, nontax-producing properties held by state and local governments. This study must be conducted from TACIR's existing resources. On or before March 1, 2019, TACIR shall report its findings and recommendations to the finance, ways and means committees of the senate and the house of representatives, the fiscal review committee of the general assembly, and the office of legislative budget analysis. The report shall include recommendations as to the highest and best uses of the properties and ways for making the properties productive.

SECTION 2. This act shall take effect upon becoming a law, the public welfare requiring it.

HOUSE BILL NO. 1735

PASSED: March 19, 2018

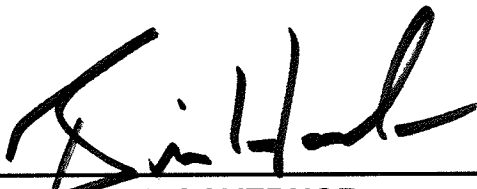


BETH HARWELL, SPEAKER
HOUSE OF REPRESENTATIVES



RANDY MCNALLY
SPEAKER OF THE SENATE

APPROVED this 9th day of April 2018



BILL HASLAM, GOVERNOR