

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

SB 1550 – HB 2030

March 29, 2011

SUMMARY OF AMENDMENT (005443): Deletes the original bill. Defines employee not to include a construction services provider who is listed on the workers' compensation exemption registry. Decreases, from 30 to 20 percent, the share of ownership required for partners in a partnership or members of limited liability companies to be eligible for exemption. Authorizes an individual, associated with multiple business entities, to be listed as exempt for each entity in the Workers' Compensation Exemption Registry. Requires revocation of all exemptions in a person or entity's name whose license is revoked. Requires revocation of exemptions for failure to pay any workers' compensation premiums. Establishes a fee of \$20 for a second or subsequent exemption, valid for a period of two years. Requires any insurance policy canceled as a result of exemption to be cancelled with no penalty.

FISCAL IMPACT OF ORIGINAL BILL:

Increase State Revenue – \$3,000/Recurring/Employee Misclassification
Education and Enforcement Fund

Decrease State Revenue – \$200/Recurring/TOSHA
\$1,800/Recurring/General Fund

Increase State Expenditures – \$8,000/One-Time/Employee Misclassification
Education and Enforcement Fund

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

**Increase State Revenue – \$2,000/FY11-12 and Biennially Thereafter/Employee
Misclassification Education and Enforcement Fund**

**Increase State Expenditures – \$44,700/One-Time/Employee Misclassification
Education and Enforcement Fund**

Assumptions applied to amendment:

- Based on information provided by the Secretary of State, 100 individuals who are currently listed on the exemption registry will apply. The exemption registry fee is \$20. Such fee will be due every two years. Therefore, an increase in state revenue of \$2,000 (100 x \$20 fee) every two years to the Employee Misclassification Education and Enforcement Fund (EMEEF) beginning in FY11-12.

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- Program coding for the exemption registry will be required. An increase in one-time state expenditures of \$44,748 for 360 contractor programming hours and 108 contractor analyst coding hours.

CERTIFICATION:

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



James W. White, Executive Director

/jaw