

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

SB 3644 – HB 3688

February 24, 2012

SUMMARY OF AMENDMENT (013017): Deletes all language after the enacting clause. Requires specified boards, commissions, agencies, and governmental entities to allow each holder of a license, certification, or registration from that entity to have the option of being notified by email of renewals; fee increases; changes in state laws, rules, policies, and guidelines; and any meeting where changes in rules or fees that impact the holder are on the agenda. Requires electronic notices to be sent at least 45 days before the meeting, unless it is an emergency meeting. Requires emergency meeting notices to be sent as soon as is practicable.

CORRECTED FISCAL IMPACT OF ORIGINAL BILL:

Increase State Expenditures - Net Impact - \$21,400/FY12-13/
Division of Health Related Boards
Net Impact - \$1,440/FY13-14 and Subsequent Years/
Division of Health Related Boards

Decrease State Expenditures – Net Impact - \$7,400/FY12-13/General Fund
Net Impact - \$200/FY12-13 and Subsequent Years/
Division of Regulatory Boards
Net Impact - \$9,900/FY13-14 and Subsequent Years/
General Fund

Other Fiscal Impact – The net increase in expenditures of \$21,400 in FY12-13 and \$1,400 in FY13-14 and subsequent years will be covered by the current fund revenue of the Division of Health Related Boards. As of June 30, 2011, the Division had a cumulative balance of \$10,859,982.82

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

Unchanged from the original fiscal note.

Assumptions applied to amendment:

- According to the Department of Commerce and Insurance (TDCI), the Division of Regulatory Boards will modify the existing computer system and update all forms utilized by the division at minimal cost.

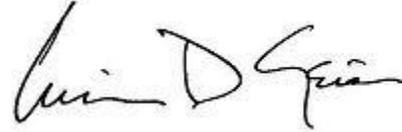
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- TDCI will subscribe to an email service in order to email the notifications. The recurring increase in state expenditures is \$4,900.
- Assuming 11,500 TDCI licensees opt into the email notification system, the recurring decrease in state expenditures is \$5,060 (11,500 licensees x \$0.44 postage) per mailing.
- Pursuant to Tenn. Code Ann. § 4-3-1011, all regulatory boards are required to be self-supporting. The TDCI Boards had a cumulative closing balance of \$10,335,367 in FY10-11 and \$7,811,504 in FY09-10.
- The costs associated with TDCI Boards' implementation of this bill will be absorbed by the Boards.
- According to the Department of Agriculture (TDOA), the cost for database program development to enable entry of email addresses will result in a one-time increase in state expenditures of approximately \$2,500.
- TDOA estimates that 50 percent, or 22,500, of the 45,000 licensed entities will opt for electronic notification. The decrease in recurring state expenditures is approximately \$9,900 (22,500 licensees x \$0.44 postage) per mailing.
- According to the Department of Health (TDOH), the Department will upgrade the regulatory board data system (RBS) to allow for email address entry into a portal by licensees and for the automatic email notification of renewals, fee changes, or rule changes.
- The RBS database was developed and is managed by a contractor responsible for system modifications. The one-time increase in state expenditures is \$10,000.
- According to TDOH, the NIC online renewal system will require modifications by OIR to implement the requirements of this bill. The one-time increase in state expenditures is approximately \$10,000.
- According to TDOH, the Department will create a list serve for each Board to send notifications of fee increases and rule changes. The recurring increase in state expenditures is \$12,000.
- Assuming 10 percent, or 24,000 licensees, opt into the email system, the Department will reduce recurring expenditures by approximately \$10,560 (24,000 licensees x \$0.44 postage) per mailing.
- Pursuant to Tenn. Code Ann. § 4-3-1011, all regulatory boards are required to be self-supporting. The TDOH Boards had a cumulative closing balance of \$10,859,983 in FY10-11 and \$5,416,959 in FY09-10.
- The costs associated with the TDOH Boards' implementation of this bill will be absorbed by the Boards.
- Based upon information provided by the Department of Environment and Conservation and Financial Institutions, this bill will have minimal impact on current procedures.
- The net decrease in general fund expenditures is \$7,400 (\$9,900 decrease per mailing - \$2,500 one-time database programming) in FY12-13. The decrease in general fund expenditures is \$9,900 in FY13-14 and subsequent years.
- The recurring net decrease in the expenditures of the Division of Regulatory Boards is \$160 (\$5,060 mailings - \$4,900 TDCI email service).

- The net increase in the expenditures of the Division of Health Related Boards is \$21,440 (\$10,000 database modifications + \$10,000 NIC programming + \$12,000 email list serve - \$10,560 mailings) in FY12-13. The net increase in expenditures for FY13-14 and subsequent years is \$1,440 (\$12,000 email list serve - \$10,560 mailings).

CERTIFICATION:

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



Lucian D. Geise, Executive Director

/sbh