

**TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE**



FISCAL NOTE

HB 512 – SB 1308

February 22, 2011

SUMMARY OF BILL: Removes qualification for unemployment benefits for certain employees when the employer and employee agree by contract for a fixed number of hours less than 999 per year, provided the employee is not utilized for retail sales of goods or services.

ESTIMATED FISCAL IMPACT:

Other Fiscal Impact – According to the Department of Labor and Workforce Development and pursuant to the Federal Unemployment Tax Act, this bill will put state law out of conformity with federal law making it null and void pursuant to Tenn. Code Ann. §50-7-104(b). Enactment of this bill would jeopardize approximately \$40,000,000 in federal funding for the unemployment insurance program.

Assumptions:

- The U.S. Department of Labor has informed the Department of Labor and Workforce Development (LWFD) that this bill would put the state's unemployment insurance program out of conformity with federal law.
- LWFD indicates that enactment of this bill could jeopardize \$40,000,000 in federal funding pursuant to the U.S. Department of Labor's Unemployment Insurance Program Letter 45-89, Section 4(b).
- The U.S. Department of Labor's Unemployment Insurance Program Letter 45-89, Section 4(b), specifically provides that, "state law must provide that no waiver, assignment, pledge, or encumbrance of any right to unemployment compensation shall be valid."
- Pursuant to Tenn. Code Ann. §50-7-104(b), any state law regarding unemployment compensation that is deemed out of conformity with federal law shall be void and of no effect.
- The Federal Unemployment Tax Act, codified in U.S. Code Title 26, Chapter 23, Section 3304(a)(10), limits the circumstances under which an individual may be disqualified for benefits.

CERTIFICATION:

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



James W. White, Executive Director

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