

**TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE**



FISCAL NOTE

SB 720 - HB 1854

March 7, 2011

SUMMARY OF BILL: Creates a presumption that an infectious disease acquired by an emergency rescue worker was acquired in the line of duty.

ESTIMATED FISCAL IMPACT:

Increase State Expenditures - \$37,700

Increase Federal Expenditures - \$4,300

Increase Local Expenditures - \$100,000*

Other Fiscal Impact – The total additional lump sum liability to the Tennessee Consolidated Retirement System is estimated to be \$173,300.

Assumptions:

- According to the Department of Commerce and Insurance, this legislation is estimated to increase the number of firefighters who receive a death benefit by at least one per year. The increase in state expenditures is estimated to be at least one death benefit of \$25,000.
- According to the Tennessee Consolidated Retirement System (TCRS), this bill will allow certain employees to claim accidental disability retirement benefits from TCRS that such employees would not be able to claim under current law. TCRS estimates one state employee will claim accidental disability retirement benefits.
- According to TCRS, retirement benefits for state employees are 75 percent state funded and 25 percent federal funded.
- According to TCRS, this bill will increase the total lump sum liability by \$173,300.
- Pursuant to Tenn. Code Ann. § 3-9-103(b), TCRS utilizes a 20-year horizon for estimating the increased annual liability to the TCRS.
- Pursuant to Tenn. Code Ann. § 8-34-505, TCRS utilizes a 7.5 percent interest rate for estimating the increased annual liability to the TCRS.
- Assuming a 20-year horizon, a 7.5 percent interest rate, and an increased total lump sum liability of \$173,300, the increased annual liability of the TCRS is estimated to be \$16,999. The recurring increase in state expenditures will be \$12,749 (\$16,999 x 75%).
- The total recurring state expenditures will be \$37,749 (\$25,000 + \$12,749).
- The recurring increase in federal expenditures will be \$4,250 (\$16,999 x 25%).

- According to the Department of Safety (DOS), this legislation will not have a fiscal impact on DOS.
- Local government expenditures are expected to increase due to additional worker's compensation claims. This increase is estimated to be \$100,000.

*Article II, Section 24 of the Tennessee Constitution provides that: *no law of general application shall impose increased expenditure requirements on cities or counties unless the General Assembly shall prove that the state share in the cost.*

CERTIFICATION:

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



James W. White, Executive Director

/jdb