

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

SB 2051 - HB 2297

March 7, 2014

SUMMARY OF BILL: Removes current license exemptions for employees and subcontractors of home improvement contractors, thus requiring such employees and subcontractors to obtain a license from the Board of Licensing Contractors. Makes this law applicable statewide. Requires additional information to be placed within a home improvement contract.

ESTIMATED FISCAL IMPACT:

Increase State Revenue - \$110,000/Board for Licensing Contractors

Other Fiscal Impact - Assuming such increase in fee revenue, the Board for Licensing Contractors may reduce fees to more adequately and efficiently administer this licensing program.

Assumptions:

- This will increase the number of individuals who must be licensed by the Board for Licensing Contractors.
- The Board estimates that approximately 880 additional people will seek the biennial \$250 license.
- This will result in an increase in Board revenue of \$220,000 (880 x \$250).
- Annualized, this amounts to an increase in recurring Board revenue of \$110,000 (\$220,000 / 2 years).
- The Board may reduce its fees to more adequately and efficiently administer this program within the proposed revenue increase.
- Pursuant to Tenn. Code Ann. § 4-29-121, all regulatory boards are required to be self-supporting over a two-year period. The Board for Licensing Contractors had closing balances of \$613,362 in FY11-12, \$384,805 in FY12-13, and a closing reserve balance of \$3,073,011 on June 30, 2013.

IMPACT TO COMMERCE:

Increase Business Expenditures - \$110,000

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Assumptions:

- Requiring employees and subcontractors of home improvement contractors to register with the Board will result in an increase in tax-deductible business expenses of \$110,000 (\$220,000 / 2 years).
- This is estimated to have no significant impact on jobs in this state.

CERTIFICATION:

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

A handwritten signature in black ink, appearing to read "Lucian D. Geise". The signature is written in a cursive style with a large, stylized initial "L".

Lucian D. Geise, Executive Director

/jdb