

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

HB 1559 – SB 2563

February 29, 2016

**SUMMARY OF ORIGINAL BILL:** Adds members of limited liability companies to the definition of employee for the purposes of workers' compensation law. Requires workers compensation settlement agreements to be reduced to writing and approved by the Court of Workers' Compensation Claims. Clarifies the procedures for approval of settlements by the court of workers' compensation claims. The Court of Workers' Compensation Claims will determine the right of an employee to receive compensation from the Second Injury Fund. Renames the Workers Compensation Appeals Board the Court of Workers' Compensation Appeals. Requires a lump sum settlement under Tenn. Code Ann. § 50-6-229 to be approved by the Court of Workers Compensation Claims and not chancery, circuit, or criminal courts. Provides that any current or retired Tennessee judge or chancellor, workers compensation judge, or the Governor of Tennessee may swear in judges of the Court of Workers' Compensation Claims. Requires costs of administering claims for benefits under Tenn. Code Ann. § 50-6-801 to be paid from the Uninsured Employers Fund.

**FISCAL IMPACT OF ORIGINAL BILL:**

Increase State Revenue - \$68,800

The Governor's Recommended Budget Document for FY16-17, on page A-40, includes recurring revenue of \$68,800 for implementation of this bill.

**IMPACT TO COMMERCE OF ORIGINAL BILL:**

Increase Business Expenditures - \$68,800

**SUMMARY OF AMENDMENT (012934):** Deletes language in the bill that authorized a judge to call and examine witnesses. Removes references to "court of workers' compensation claims" and replaces reference with "workers' compensation appeals board".

**FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:**

Unchanged from the original fiscal note.

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Assumptions for the bill as amended:

- Based on information provided by the Bureau of Workers' Compensation, there will be an estimated 10 percent increase in the number of workers' compensation claim approvals as a result of increased awareness of the requirement in the law that settlements must be approved by the Court of Workers Compensation Claims.
- An average of 4,584 (382 approvals per month x 12 months) settlement approvals each year under current law.
- The number of additional claims approved as a result of the bill is estimated to average 458.4 (4,584 x 10.0% increase) each year.
- The filing fee for each approved workers' compensation claim is \$150. All fee revenue is deposited to the General Fund.
- The recurring increase state revenue to the General Fund is estimated to be \$68,760 (458.4 x \$150).
- Mandating that a lump sum settlement under Tenn. Code Ann. § 50-6-229 shall be approved by the Court of Workers Compensation Claims and not chancery, circuit, and criminal courts is codifying current practice; therefore no impact on state expenditures.
- Any expense associated with renaming the Workers Compensation Appeals Board as the Court of Workers Compensation Appeals is estimated to be not significant and can be accomplished within existing recourses without an increased appropriation or a reduced reversion.
- The Governor's Recommended Budget Document for FY16-17, on page A-40, includes recurring revenue of \$68,800 for implementation of this bill.
- According to the Department of Treasury, there will not be a significant impact on the Risk Management Fund.

## **IMPACT TO COMMERCE WITH PROPOSED AMENDMENT:**

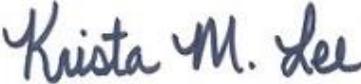
**Unchanged from the original fiscal note.**

Assumptions for the bill as amended:

- The provisions of the bill will result in a recurring increase in business expenditures estimated to be \$68,760.
- The provisions of the bill are not estimated to have an impact on the overall number of jobs in the state.
- Any increase or decrease to workers' compensation premiums related to the provisions of the bill is considered to be not significant.

**CERTIFICATION:**

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



Krista M. Lee, Executive Director

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