

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



**FISCAL NOTE**

**HB 2416 - SB 2582**

February 27, 2016

**SUMMARY OF BILL:** Removes the requirement that the state average weekly wage calculation be seasonally adjusted for purposes of workers' compensation claims. Decreases from 30 to 3, the number of days after an injury that written notice must be given to an employer. Authorizes an ombudsman to approve a proposed workers compensation settlement under certain circumstances. States that the Tennessee General Assembly's intent is that employers obtaining certification as a drug-free workplace, under rules promulgated by the Bureau of Workers' Compensation, should be able to renew such certification on an annual basis without requiring repeated annual training of existing employees. Specifies that the requirements of a drug free work place under Tenn. Code Ann. §50-9-111 shall not require an employer to provide annual education or awareness training for each employee, if all existing employees have undergone the training at least once and have acknowledged annually in writing the existence of the employer's drug-free workplace policy.

**ESTIMATED FISCAL IMPACT:**

**Decrease State Revenue – \$267,300**

**Decrease State Expenditures – Net Impact - \$50,500**

Assumptions:

- Based on information provided by the Bureau of Workers' Compensation (BWC), removing the requirement that the state average weekly wage calculation be seasonally adjusted will not impact departmental operations.
- There will be no foreseeable impact on BWC due to the reduction of the notice of injury period from 30 to 3 days. Any change in the number of workers' compensation claims is estimated to be not significant.
- Having ombudsmen approve certain workers compensation settlements will result in a smaller number of cases being heard by the Court of Workers' Compensation Claims. The extent of reduced cases is unknown, but is reasonably estimated to be a 33 percent reduction.
- Based on information provided by BWC, fee revenue from cases being heard by the Court of Workers' Compensation Claims total in excess of \$810,000 per year under current law. These monies are deposited to the state General Fund; therefore, the

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recurring decrease in state revenue to the General Fund is estimated to be \$267,300 (0.33 x \$810,000).

- Given the extent of reduced cases, it is reasonably assumed that appropriations for the purpose of the Court of Workers' Compensation Claims could be reduced by a like amount; therefore, a recurring decrease in state expenditures from the General Fund is estimated to be \$267,300.
- The additional workload assigned to ombudsmen per the provisions of the bill will require additional appropriations for four additional staff positions.
- Each position will require additional recurring expenditures for salary, benefits, supplies and other totaling \$54,200 per year.
- The total recurring increase in state expenditures from the General Fund for the four new positions is estimated to be \$216,800 (\$54,200 x 4).
- The net recurring decrease in state expenditures from the General Fund as a result of the bill is estimated to be \$50,500 (\$267,300 - \$216,800)

## **IMPACT TO COMMERCE:**

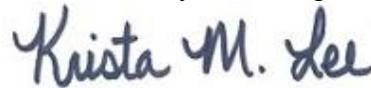
### **Decrease Business Expenditures – \$267,300**

#### Assumptions:

- The provisions of the bill will result in a recurring decrease in business expenditures estimated to be \$267,300.
- Any other impact to commerce or jobs in Tennessee is considered 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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