

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



**FISCAL NOTE**

**SB 123 – HB 603**

March 20, 2015

**SUMMARY OF BILL:** Prohibits local governments from entering into collective bargaining agreements with local employee unions. Voids agreements, both formal and informal, between local governments and local employee unions.

**ESTIMATED FISCAL IMPACT:**

**Other Fiscal Impact –Possible increase in local government expenditures. Local officials report that without the use of Memoranda of Understanding (MOUs), litigation costs will rise by an amount that is not reasonably determinable due to unknown factors.**

Assumptions:

- This bill is not relevant to state operations.
- *Fulenwider v. Firefighters Assoc. Local Union* re-affirms long-standing case law that collective bargaining agreements between local governments and employee unions are unenforceable.
- Based on information from city officials in Chattanooga, the city has made use of Memorandums of Understanding (MOUs) to come to terms with city employees on items ranging from pension reform to codes of conduct.
- City officials report that this has led to a reduced incidence of litigation between the city and its employees and has helped facilitate mediation.
- Due to unknown factors such as the extent to which the use of MOUs will be used in the future to reduce and the extent to which MOUs will continue to be useful, an exact fiscal impact cannot be determined.

**IMPACT TO COMMERCE:**

**NOT SIGNIFICANT**

Assumption:

- This bill is not relevant to private sector activities; therefore, the impact to commerce is not significant.

**CERTIFICATION:**

**SB 123 – HB 603**

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

A handwritten signature in black ink, reading "Jeffrey L. Spalding". The signature is written in a cursive style with a large initial "J" and "S".

Jeffrey L. Spalding, Executive Director

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