

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

SB 473 – HB 979

April 3, 2017

SUMMARY OF ORIGINAL BILL: Enacts the *Freedom to Prosper Act* for the purpose of prohibiting local governments from imposing any or additional licensing requirements on certain occupations after July 1, 2017, unless the political subdivision imposed licensing requirements on the occupation prior to July 1, 2017.

FISCAL IMPACT OF ORIGINAL BILL:

Forgone Local Revenue – Exceeds \$10,000

Local Expenditures – Cost Avoidance – Exceeds \$10,000

IMPACT TO COMMERCE OF ORIGINAL BILL:

Decrease Business Expenditures – Exceeds \$10,000

SUMMARY OF AMENDMENT (006536): Deletes and rewrites the bill such that the only substantive changes include: clarifies that the prohibition on new licensing requirements of a previously unregulated profession, occupation, or trade only applies to occupations which are currently subject to state licensure requirements; clarifies that the provisions of this bill as amended do not apply to licensing requirements of or on any other regulation of law enforcement officers, firefighters, emergency medical service providers, emergency rescue management providers, or any other type of first responder or emergency service provider.

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

Unchanged from the original fiscal note.

Assumptions for the bill as amended:

- This bill as amended will not impact state government's authority to enact new or additional licensing requirements on occupations; therefore, the bill as amended will not result in any significant impact to state revenue or state expenditures.

- This bill as amended will effectively prevent any form of local government from enacting any new or additional licensing requirements on any occupation after July 1, 2017.
- Preventing local governments from imposing new or additional licensing requirements will likely result in both (1) an increase in forgone revenue from licensing fees that would have been collected in the absence of this bill as amended and (2) cost avoidances for local governments as a result of no longer needing resources that would have otherwise been required to regulate various unknown occupations.
- Due to multiple unknown factors, including but not limited to, the number of local entities that would have imposed licensing requirements on various occupations in the absence of this bill as amended, the extent of the licensing requirements that would have been imposed, the extent of revenue and expenditures that would have resulted for local government entities from such licensing requirements imposed, and the timing for when any licensing requirements would have been imposed, a precise impact to local governments cannot be determined with any specificity. However, it is reasonable to assume that local governments will mandatorily forgo licensing fee revenue exceeding \$10,000 per year as a result of this bill as amended offset by cost avoidances estimated to exceed \$10,000 per year.

IMPACT TO COMMERCE WITH PROPOSED AMENDMENT:

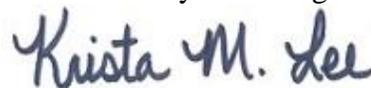
Unchanged from the original fiscal note.

Assumptions for the bill as amended:

- Any licensing requirements that would have been imposed on occupations in the absence of this bill as amended cannot be determined with any certainty. However, it is assumed that various occupations will experience a recurring decrease in business expenditures estimated to exceed \$10,000 per year as a result of not having future licensing requirements placed onto them.
- Passage of this bill as amended could be positive for the number of jobs in Tennessee if reduced business expenditures lead to increased working capital that would allow for the expansion of human resources; the extent of which is unknown and dependent upon multiple unknown factors.

CERTIFICATION:

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



Krista M. Lee, Executive Director

/jdb