

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



**CORRECTED
FISCAL NOTE**

HB 1672 - SB 1762

March 10, 2020

SUMMARY OF BILL: Transfers the administration of the workers' compensation exemption registry for construction service providers from the Secretary of State's Office (SOS) to the Bureau of Workers' Compensation (BWC).

ESTIMATED FISCAL IMPACT:

On February 11, 2020, a corrected fiscal note was issued estimating a fiscal impact as follows:

Increase State Expenditures – \$634,200/FY20-21/EMEEF

Based on corrected information obtained from the Bureau of Workers' Compensation, the fiscal impact has been corrected as follows:

(CORRECTED)

NOT SIGNIFICANT

Corrected Assumptions:

- This legislation takes effect July 1, 2021, or in FY21-22.
- Currently, the SOS handles all aspects of the exemption registry, including accepting workers' compensation exemption and renewals, and the BWC enforces such exemptions.
- In FY19-20, the SOS incurred recurring costs of \$141 for translator services and \$2,105 for printing and postage. In addition, it is assumed that the cost for annual maintenance of the registry averaged \$5,000. The SOS incurred no direct labor costs.
- These costs will shift to the BWC and continue to be paid out of the Employee Misclassification Education and Enforcement Fund (EMEEF).
- A filing fee of \$100 for contractors who do not hold a license from the Board for Licensing Contractors and \$50 for contractors who do hold a license.
- Such revenue is currently and will continue to be allocated to the EMEEF.
- Annual revenue to the EMEEF of approximately \$1,600,000.
- It is assumed that this revenue stream will remain consistent into perpetuity.
- The BWC is building a new exemption registry, but the registry was planned to be built prior to the filing of this legislation; therefore the construction of the registry is not a result of this legislation.

- The net impact to the EMEEF in FY20-21 and subsequent years is assumed to be not significant.

CERTIFICATION:

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

A handwritten signature in black ink that reads "Krista Lee Carsner". The signature is written in a cursive, flowing style.

Krista Lee Carsner, Executive Director

/jdb