

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

SB 1698

January 31, 2024

SUMMARY OF BILL: Establishes that a contract entered into between a tax preparation service company and a taxpayer for which the company is to pay the additional tax liability, penalties, or interest imposed on the taxpayer as a result of the company's error is not a contract of insurance, if the company has secured coverage under a contractual liability insurance policy on a form approved by the Commissioner of the Department of Commerce and Insurance (DCI) and issued by an insurance company licensed in this state.

FISCAL IMPACT:

NOT SIGNIFICANT

Assumptions:

- Currently, such contract is not considered a contract of insurance if the tax preparation service has secured on a form approved by the Commissioner a surety bond from an insurance company licensed in this state.
- The proposed legislation will not have a significant impact on the policies or procedures of the DCI.
- Any impact on premium tax revenue is estimated to be not significant.
- Any impact on DCI to prepare the required form is estimated to be not significant.

IMPACT TO COMMERCE:

NOT SIGNIFICANT

Assumptions:

- Any taxpayer service company that chooses to purchase a new policy may experience an increase in business expenditures; however, any increase in business expenditures will result in an increase in business revenue to insurance companies. The net impact is not significant.
- No significant impact to jobs in Tennessee.

CERTIFICATION:

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

Handwritten signature of Krista Lee Carsner in black ink.

Krista Lee Carsner, Executive Director

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