

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



**FISCAL NOTE**

**HB 386 – SB 1268**

February 11, 2021

**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:**

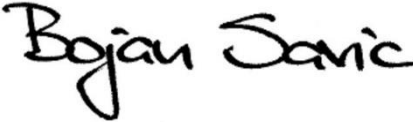
**NOT SIGNIFICANT**

Assumptions:

- This legislation takes effect January 1, 2022.
- 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 planning to build a new exemption registry with the help of Strategic Technology Solutions, 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 FY21-22 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 "Bojan Savic". The signature is written in a cursive style with a large, prominent 'B' and 'S'.

Bojan Savic, Interim Executive Director

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