

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

HB 1825 – SB 2250

February 22, 2018

SUMMARY OF ORIGINAL BILL: Requires employers and every person or organization who reports wages on employees' behalf to file wage premium reports electronically beginning January 1, 2019. Requires the Commissioner of the Department of Labor and Workforce Development (DLWD) to report on the condition of the Unemployment Insurance Trust Fund.

Authorizes any employer, person, or organization who would suffer an undue hardship by filing the wage and premium reports electronically to submit the wage and premium reports in a paper format for a fee not to exceed \$25, beginning Jan 1, 2019.

FISCAL IMPACT OF ORIGINAL BILL:

Increase State Revenue – \$120,000/FY18-19
\$60,000/FY19-20 and Subsequent Years

Decrease Federal Expenditures – \$102,100/FY18-19 and Subsequent Years

Federal Expenditures – Cost Avoidance – \$564,900/FY18-19

IMPACT TO COMMERCE OF ORIGINAL BILL:

Decrease Business Revenue – \$102,100/FY18-19 and Subsequent Years

Forgone Business Revenue – \$564,900/FY18-19

Increase Business Expenditures – \$120,000/FY18-19
\$60,000/FY19-20 and Subsequent Years

SUMMARY OF AMENDMENT (013450): Deletes language from the proposed legislation that authorizes DLWD to charge a fee not to exceed \$25 for any employer, person, or organization submitting the wage and premium reports in a paper format.

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

Decrease Federal Expenditures – \$102,100/FY18-19 and Subsequent Years

Federal Expenditures – Cost Avoidance – \$564,900/FY18-19

Assumptions for the bill as amended:

- Based on the information provided by DLWD, the proposed legislation will greatly reduce staff time required for processing and will no longer require the purchasing of new equipment and software to perform the processing function.
- There is an estimated 120,000 employers who are required to file a premium wage report each quarter.
- Based on the information provided by DLWD, an estimated \$102,100 would have been spent by the federal government on an annual maintenance contract cost for the system that processes wage and premium reports in the absence of the proposed legislation.
- The proposed legislation will result in a recurring decrease in federal expenditures in FY18-19 and subsequent years estimated to be \$102,100. In addition, there will be a one-time federal cost avoidance in FY18-19 estimated to be \$564,900 due to new equipment no longer needing to be purchased as a result of this legislation.

IMPACT TO COMMERCE WITH PROPOSED AMENDMENT:

Decrease Business Revenue – \$102,100/FY18-19 and Subsequent Years

Forgone Business Revenue – \$564,900/FY18-19

Assumptions for the bill as amended:

- There will be a recurring decrease in business revenue in the amount of \$102,100 to Tennessee businesses in FY18-19 and subsequent years as a result of a DLWD no longer needing to pay the cost of an annual maintenance contract on a system they will no longer need as a result of the proposed legislation.
- There will be one-time forgone business revenue in the amount of \$564,900 to Tennessee businesses in FY18-19 due to new equipment that will no longer be purchased by DLWD as a result of the proposed legislation.
- Any impact to jobs in Tennessee as a result of this legislation is estimated to be not significant.

CERTIFICATION:

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



Krista M. Lee, Executive Director

/rbp