

Financial Statement Requirements for Contractor Licenses

Recent legislation went into effect on April 28, 2017 to change the requirement for an Audited and Reviewed financial statements prepared by a CPA. Prior to this change, an "Audited" financial statement was required to obtain a license limit more than \$1,500,000. However, a "**Reviewed**" financial statement may now be provided for those contractors requesting a monetary limit **up to \$3,000,000**. In addition, the small commercial threshold has changed from \$750,000 and now allows a contractor with a BC-b(sm) classification to go up to \$1,500,000 (*with a Reviewed financial statement*) without taking the full commercial BC-B trade exam. See below for a summary.

The Board is in the process of changing their forms and applications to reflect this change. For more information, see Public Chapter 237 at: <http://publications.tnsosfiles.com/acts/110/pub/pc0237.pdf>

Summary of financial statement requirements are as follows:

Initial (New) License Requirement

\$3,000,000 or less - CPA Reviewed

More than \$3,000,000 - CPA Audited

Renewal Requirement

\$3,000,000 or less – Self-prepared

More than \$3,000,000 – CPA Reviewed

Revision (Increase/Transfer) Requirement

\$3,000,000 or less - CPA Reviewed

More than \$3,000,000 - CPA Audited

Small Commercial BC-b(sm) Classification Limit

Up to \$1,500,000 – Reviewed Financial Statement (*formerly \$750,000*)

More than \$1,500,000 - \$3,000,000 - Requires passing the BC-B (commercial) trade exam

Public Chapter 237

SECTION 1. Tennessee Code Annotated, Section 62-6-111, is amended by deleting the language "one million five hundred thousand dollars (\$1,500,000)" wherever such language appears in subdivisions (b)(3), (b)(4), and (k)(2) and substituting instead the language "three million dollars (\$3,000,000)".

SECTION 2. Tennessee Code Annotated, Section 62-6-112(f)(2), is amended by deleting the language "seven hundred fifty thousand dollars (\$750,000)" and substituting instead the language "one million five hundred thousand dollars (\$1,500,000)".

SECTION 3. This act shall take effect upon becoming a law, the public welfare requiring it.