Doug Gibbs January 21, 2016 402-471-0051

LB 933

Revision: 00 FISCAL NOTE LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)								
	FY 201	6-17	FY 2017-18					
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE				
GENERAL FUNDS	\$6,792		\$0					
CASH FUNDS								
FEDERAL FUNDS								
OTHER FUNDS								
TOTAL FUNDS	\$6,792		\$0					

Any Fiscal Notes received from state agencies and political subdivisions are attached following the Legislative Fiscal Analyst Estimate.

LB 933 creates the Payroll Processor Regulation Act.

The bill provides definitions for employer, payroll processing services, payroll processor, and payroll and issuing payroll checks.

The Act would require a person desiring to engage or continue in business as a payroll processor shall apply to the Tax Commissioner for a payroll processor license on or before January 1 of each year. As part of the application the applicant shall include evidence of a surety bond equal to the total of all state and federal tax payments and unemployment insurance premiums processed on behalf of employers in the three-consecutive-month period of highest volume during the previous calendar year or \$50,000, whichever is greater but not to exceed \$500,000. Failure to maintain the bond or security is grounds for revocation, suspension, or nonrenewal of the license.

The Tax Commissioner may adopt and promulgate rules and regulations to administer the Act.

The Department of Revenue estimates that LB 933 will have no fiscal impact to the General Fund.

The Department indicates that the cost to implement the provisions of the bill will include a one-time programming cost of \$6,792 paid to the Office of the CIO.

We have no basis to disagree with the Department of Revenue's estimate of cost and fiscal impact.

ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES							
LB: 933	AM:	AGENCY/POLT. SUB: Dept. of Revenue					
REVIEWED BY: Lyn Heaton			DATE: 1/22/2016	PHONE: 471-4181			
COMMENTS: No basis upon which to disagree with the Department of Revenue's estimate of minimal fiscal impact.							

Fiscal Note 2016

State Agency Estimate									
State Agency Name: Department of Revenue Date Due LFA: 1/21/2016									
Approved by: Tony Fulton		Date Prepared:	1/19/2016		Phone: 471-5896				
	FY 2016-2017		FY 2017-2018		FY 2018-2019				
	Expenditures	Revenue	Expenditures	Revenue	Expenditures	Revenue			
General Funds	\$6,792	\$0		\$0		\$0			
Cash Funds									
Federal Funds									
Other Funds									
Total Funds	\$6,792	\$0		\$0		\$0			
-									

State A man an Estimate

LB 933 would adopt the Payroll Processor Regulation Act.

Section 2 provides definitions, including "employer" as a person who pays wages and "payroll processing services" as preparing and issuing payroll checks, preparing and filing withholding reports and remitting withholding, or preparing and filing unemployment insurance reports. A payroll processor is a person that performs these services.

Section 3 requires a person engaging in business as a payroll processor to apply to the Tax Commissioner for a license to do so. The Tax Commissioner is to require a bond equal to at least three months of state and federal tax payments or \$50,000, whichever is greater, but not to exceed \$500,000. The bond is made out to the Tax Commissioner, but may also be used by an employer who may have a cause of action against the payroll processor. The license and bonding requirement does not apply if the payroll processor does not have direct authority to disburse the client's funds.

Section 4 prohibits a payroll processor from designating itself as the sole recipient of any notices of nonpayment of taxes.

Section 5 states that failing to maintain the bond subjects the payroll processor to revocation, suspension, or nonrenewal of the license.

Section 6 authorizes the Tax Commissioner to adopt regulations to carry out the act.

There is no General Fund impact associated with this bill.

Departmental cost to implement LB 933 includes one-time programming costs paid to the OCIO totaling \$6,792.

Major Objects of Expenditure								
		16-17	17-18	18-19	16-17	17-18	18-19	
Class Code	Classification Title	FTE	FTE	<u>FTE</u>	Expenditures	Expenditures	Expenditures	
	Benefits							
Operating Costs		\$6,792						
Travel								
Capital Outlay								
Aid								
Capital Improvement								
Total	\$6,792							