

Revised due to adoption of amendment on General File

**FISCAL NOTE**  
**LEGISLATIVE FISCAL ANALYST ESTIMATE**

<b>ESTIMATE OF FISCAL IMPACT – STATE AGENCIES *</b>				
	<b>FY 2010-11</b>		<b>FY 2011-12</b>	
	<b>EXPENDITURES</b>	<b>REVENUE</b>	<b>EXPENDITURES</b>	<b>REVENUE</b>
GENERAL FUNDS		See Below		See Below
CASH FUNDS		See Below		See Below
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS		See Below		See Below

\*Does not include any impact on political subdivisions. See narrative for political subdivision estimates.

LB 579, as amended by LB 1566, would adopt the Professional Employer Organization Registration Act with an operative date of January 1, 2011.

A professional employer organization typically contracts with businesses to manage human resource aspects of the client’s business such as health benefits, workers’ compensation claims, payroll, payroll tax compliance, and unemployment insurance claims in what is referred to as a co-employment relationship.

The bill would provide definitions, enumerate rights, responsibilities and requirements; establish full and limited registration and registration renewal requirements; require registration and renewal fees; provide penalties; and provide a tax deduction from gross receipts.

The Department of Labor estimates there are three professional employer organizations within the state which will require registration.

As amended by AM 1566, the Department of Insurance is given responsibility for establishing registration fees. For an initial registration the fee is not to exceed \$2,500, for an annual registration renewal the fee is not to exceed \$1,500, and for a limited registration the fee is not to exceed \$1,000. Such fees are not to exceed those reasonably necessary for administration of the act.

It is unclear where such fees are to be deposited, however the language of the bill indicates that the registration fees are not to exceed what is reasonably necessary for administration, so the assumption would be the fees would be deposited in an appropriate cash fund, such a fund is not specified in the bill. If no fund is specified the fee revenue would be deposited to the General Fund.

The potential positive impact to revenue could be as much as \$7,500 if the initial registration fee was set to the maximum level based on the maximum of \$2,500 per registration with the assumption there are three such entities within the state that would be required to register.

The Department of Labor had previously indicated that the cost of implementing the act is minimal and the Department can absorb the cost internally.

The Department of Insurance and the Workers’ Compensation Court have indicated no fiscal impact as a result of AM 1566.

AM 1566 removes all references to the economic incentive provisions contained in the original bill and the Department of Revenue indicates that with the removal of those provisions there is no fiscal impact to the General Fund.