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FISCAL IMPACT REPORT

SPONSOR Fajardo ORIGINAL DATE 02/16/17
LAST UPDATED _____ HB 372
SHORT TITLE Employees Leasing Registration to RLD SB _____
ANALYST Klundt

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

| | FY17 | FY18 | FY19 | 3 Year Total Cost | Recurring or Nonrecurring | Fund Affected |
|--------------|--------|------|------|----------------------|------------------------------|------------------|
| Total | \$78.4 | | | \$78.4 | Nonrecurring | General |

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Workforce Solutions Department (WSD)

SUMMARY

House Bill 372 (HB 372) proposes to transfer the employee leasing registration duties from the Regulation and Licensing Department to the Department of Workforce Solutions beginning July 1, 2017.

FISCAL IMPLICATIONS

The Workforce Solutions Department (WSD) provided the following fiscal implication:

WSD already provides contractor registrations to construction contractors via a secure on-line website. The ultimate goal assuming House Bill 372 is signed into law would be to leverage existing infrastructure and make the employee leasing registration a self-serve function for employer convenience. WSD can take over the manual certification process currently in place by Regulation and Licensing utilizing existing staff. In order to improve efficiency, and to capture all potential employers who may be required to register as an employee leasing company, WSD would need funding to pay for three dedicated information technology employees to successfully launch an online application for employee leasing registration. The potential cost to develop an online application is as follows:

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| | |
|----------------------------|---------------|
| Project Manager-160 hours | \$15.2 |
| Developer-480 hours | \$48.0 |
| Business Analyst-160 hours | <u>\$15.2</u> |
| Total | \$78.4 |

SIGNIFICANT ISSUES

WSD can utilize its existing resources and staff to continue the manual certification that has been done by the Regulation and Licensing Department (RLD), in order to maximize efficiency and to capture all employers subject to registration, an online application would be needed. Such an on-line application will require additional banking accounts and gateway associations set through the technology division in coordination with the Department of Finance and Administration. A formal request would need to be made to the DFA to get board approval of WSD expansion in this service, with potential additional reviews for PCIA compliance.

If the impact of House Bill 372 is to take place on July 1, 2017, WSD can take applications and issue certificates manually as RLD currently does until such time that an on-line application can be developed. This includes the process of accepting employer checks. The WSD does this currently for some employers' unemployment insurance quarterly contributions so the department would leverage existing staff to handle this function in the short term.

Staffing support for initial transfer of records will be required. Initial efforts would require a review of these materials to determine current applicant status and currency of leasing arrangements. Hard copy information/ records may need to be examined and potential issues and mitigations concerning electronic records and data conversion from RLD would need to be planned.

TECHNICAL ISSUES

The short title is misleading because it states "Employees Leasing Registration to RLD". The bill acting moves employee leasing registration to WSD.

KK/jle/sb