

BDR 32-1185

SB 252

EXECUTIVE AGENCY FISCAL NOTE

AGENCY'S ESTIMATES

Date Prepared: March 18, 2015

Agency Submitting: Secretary of State

Items of Revenue or Expense, or Both	Fiscal Year 2014-15	Fiscal Year 2015-16	Fiscal Year 2016-17	Effect on Future Biennia
Personnel Services (Expense)		\$230,604	\$235,574	\$290,000
Operating (Expense)		\$1,500	\$1,486	\$3,000
Equipment (Expense)		\$10,678		
Contracts (Expense)		\$200,000		
Information Services (Expense)		\$8,628	\$1,601	\$3,200
Total	0	\$451,410	\$238,661	\$296,200

Explanation

(Use Additional Sheets of Attachments, if required)

The total estimated fiscal impact of Senate Bill 252 on the Office of the Secretary of State is \$451,410 in FY 2016 and \$238,661 in FY 2017 (for a total of \$690,071 over the 2015-17 biennium). The Governor's Office has indicated that it will be submitting a budget amendment to the Secretary of State's budget request for the 2015-17 biennium to address the fiscal impact of SB 252 identified in this fiscal note. Please see the attached documents for a more detailed explanation of the estimated fiscal impact of SB 252 on the Office of the Secretary of State. Personnel cost estimates were calculated in NEBS (please see Budget Account 1050, Version P01, Decision Unit E-125).

Name Wayne Thorley

Title Deputy Secretary of State

DEPARTMENT OF ADMINISTRATION'S COMMENTS

Date Wednesday, March 18, 2015

The agency's response appears reasonable.

Name James R. Wells, CPA

Title Interim Director

DESCRIPTION OF FISCAL EFFECT

BDR/Bill/Amendment Number: Senate Bill 252 (BDR 32-1185)

Name of Agency: Secretary of State

Division/Department: Secretary of State

Date: March 18, 2015

Senate Bill 252 would transfer the issuance of state business licenses from the Office of the Secretary of State to the Department of Taxation. As a result, programming changes to SilverFlume, the state business portal operated by the Secretary of State, would be required so that SilverFlume and the Department of Taxation's information technology systems are compatible. This would allow business entities to continue to obtain state business licenses through SilverFlume as they currently do. The estimated programming costs for SilverFlume are \$200,000 in FY 2016 (\$100/hour for 50 weeks), which would fund a developer to support the upgrade and maintenance of SilverFlume and assist with any errors that occur after initial implementation.

In addition, SB 252 would require the Office of the Secretary of State to increase customer service staff for two years following the implementation of the bill. The Office of the Secretary of State has experience transitioning the state business license between agencies, and when it last occurred in 2009, the Office fielded many calls related to the transition. The Office anticipates a similar increase in customer calls if the issuance of state business licenses is transferred to the Department of Taxation. Using customer call volume data from 2009 when the state business license was transferred to the Secretary of State, and assuming an additional increase in call volume due to the added complexity of the business license fees proposed in SB 252, the Office projects three additional customer service staff would be required to adequately answer and respond to customer calls. The Office anticipates that the increase in customer service calls would only be temporary, so the positions would be phased out by the end of the 2015-17 biennium with no ongoing costs into future biennia. The estimated costs for the three customer service positions are \$149,028 in FY 2016 and \$141,266 in FY 2017.

SB 252 would require the Office of the Secretary of State to revoke the authority of an entity to conduct business in Nevada if the entity fails to pay the new business license fee and has its business license suspended by the Department of Taxation. Based on current revocation rates due to non-compliance with the state business license requirements, as well as accounting for the increased non-compliance opportunities from changing the state business license fee from an annual fee to a quarterly fee, the Office projects two additional revocation and reinstatement staff would be needed to process the increased revocation and reinstatement request volume. These two positions would be permanent and ongoing into future biennia. Estimated costs for the two revocation and reinstatement positions are \$102,382 in FY 2016 and \$97,395 in FY 2017.

Finally, SB 252 could have a significant but known impact on credit card discount fees (also known as interchange fees). When a customer uses a credit card to purchase a license, permit, or any other service from SilverFlume, the credit card merchant charges the agency a discount fee, which is generally between 2 to 3 percent of the transaction total. Currently, the Office of the Secretary of State pays the discount fees charged for Department of Taxation services purchased through

SilverFlume. Because of the limited services currently offered by the Department of Taxation through SilverFlume, this arrangement has not caused a significant burden on the Secretary of State's budget. However, SB 252 has the potential to create hundreds of millions of dollars in additional Department of Taxation credit card transactions through SilverFlume. The budget of the Secretary of State could not support paying for the discount fees that would be charged through this increased activity on SilverFlume.

The total estimated fiscal impact of SB 252 on the Office of the Secretary of State is \$451,410 in FY 2016 and \$238,661 in FY 2017, for a total of \$690,071 over the 2015-17 biennium. The Governor's Office has indicated that it will be submitting a budget amendment to the Secretary of State's budget request for the 2015-17 biennium to address the fiscal impact of SB 252 on the Office of the Secretary of State.

SB 252 Fiscal Note - Office of the Secretary of State

	FY 2016	FY 2017	2015-17 Biennium
Cat. 01 - Personnel Services			
5100 - Salaries	\$ 154,034	\$ 159,671	\$ 313,705
5200 - Workers Compensation	\$ 4,046	\$ 3,787	\$ 7,833
5300 - Retirement	\$ 22,336	\$ 23,154	\$ 45,490
5400 - Personnel Assessment	\$ 940	\$ 956	\$ 1,896
5500 - Group Insurance	\$ 43,180	\$ 41,650	\$ 84,830
5700 - Payroll Assessment	\$ 214	\$ 224	\$ 438
5750 - REGI	\$ 3,420	\$ 3,610	\$ 7,030
5800 - Unemployment Compensation	\$ 202	\$ 204	\$ 406
5840 - Medicare	\$ 2,232	\$ 2,318	\$ 4,550
Cat. 01 Total	\$ 230,604	\$ 235,574	\$ 466,178
Cat. 04 - Operating			
7050 - Employee Bond Insurance	\$ 6	\$ 6	\$ 12
7054 - AG Tort Claim Assessment	\$ 578	\$ 578	\$ 1,156
7292 - EITS Voicemail	\$ 196	\$ 192	\$ 388
7295 - EITS State Phone Line	\$ 720	\$ 710	\$ 1,430
Cat. 04 Total	\$ 1,500	\$ 1,486	\$ 2,986
Cat. 05 - Equipment			
8241 - New Furnishings <\$5,000	\$ 9,950	\$ -	\$ 9,950
8291 - Telephone System Equipment	\$ 728	\$ -	\$ 728
Cat. 05 Total	\$ 10,678	\$ -	\$ 10,678
Cat. 23 - Nevada Business Portal			
7060 - Contracts	\$ 200,000	\$ -	\$ 200,000
Cat. 23 Total	\$ 200,000	\$ -	\$ 200,000
Cat. 26 - Information Services			
7533 - EITS Email Service	\$ 403	\$ 398	\$ 801
7554 - EITS Infrastructure Assessment	\$ 664	\$ 688	\$ 1,352
7556 - EITS Security Assessment	\$ 516	\$ 515	\$ 1,031
8371 - Computer Hardware <\$5,000	\$ 7,045	\$ -	\$ 7,045
Cat. 26 Total	\$ 8,628	\$ 1,601	\$ 10,229
Total Expenditures	\$ 451,410	\$ 238,661	\$ 690,071