

**EXECUTIVE AGENCY
FISCAL NOTE**

AGENCY'S ESTIMATES

Date Prepared: March 30, 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)		\$91,028	\$92,942	
Operating (Expense)		\$599	\$594	
Equipment (Expense)		\$4,271		
Information Services (Expense)		\$3,451	\$640	
Total	0	\$99,349	\$94,176	0

Explanation

(Use Additional Sheets of Attachments, if required)

Sections 3 and 4 of Assembly Bill 382 would increase the state business license fee to \$500 for corporations; \$350 for Chapter 81 entities and general partnerships; and \$300 for independent contractors. The state business license fee for sole proprietorships would remain at the current \$200 level. If AB 382 is approved, the Office of the Secretary of State anticipates that two additional customer service positions would be needed for the 2015-17 biennium to help respond to a projected increase in customer service calls related to the fee structure changes. Customer service receives approximately 800 calls daily, and existing staff would not be able to provide timely responses with the anticipated call increase. The projected cost of adding two additional customer service positions for the 2015-17 biennium is \$99,349 in FY 2016 and \$94,176 in FY 2017 (see NEBS, BA 1050, Version P01, D/U E-126).

In addition, the passage of AB 382 would have a significant yet unknown negative impact on the Office of the Secretary of State's budget as it relates to credit card discount fee expenditures. When a business uses a credit card to purchase a state business license, the credit card merchants charge the Office a discount fee (also known as an interchange fee), which is generally between 2 and 3 percent of the total transaction amount. Currently, the Office of the Secretary of State pays these discount fees instead of charging them to the customer. With the majority of the Office's customers doing business online with credit cards, an increase in the business license fee for the majority of the customers would significantly increase the Office's financial liability related to credit card discount fees.

Name Wayne Thorley

Title Deputy Secretary of State

DEPARTMENT OF ADMINISTRATION'S COMMENTS

The agency's response appears reasonable.

Date Monday, March 30, 2015

Name James R. Wells, CPA

Title Interim Director