

**EXECUTIVE AGENCY
FISCAL NOTE**

AGENCY'S ESTIMATES

Date Prepared: April 2, 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)		\$45,514	\$46,471	
Operating (Expense)		\$300	\$297	
Equipment (Expense)		\$2,136		
Information Services (Expense)		\$1,726	\$321	
Total	0	\$49,676	\$47,089	0

Explanation

(Use Additional Sheets of Attachments, if required)

Sections 18 and 19 of Assembly Bill 464 would increase the state business license fee to \$500 for corporations, including foreign corporations, and to \$300 for all other business entities. This would be a departure from the current flat rate of \$200 that is charged to all businesses for a state business license. If AB 464 is approved, the Office of the Secretary of State anticipates that one additional customer service position would be needed for the 2015-17 biennium to help respond to a projected increase in customer service calls related to the fee structure change. 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 an additional customer service position for the 2015-17 biennium is \$49,676 in FY 2016 and \$47,089 in FY 2017 (see NEBS, BA 1050, Version P01, D/U E-127).

In addition, the passage of AB 464 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 all business entities 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

Date Wednesday, April 01, 2015

The agency's response appears reasonable.

Name James R. Wells, CPA

Title Interim Director