

February 7, 2017

The Honorable Les Mason, Chairperson
House Committee on Commerce, Labor and Economic Development
Statehouse, Room 521-E
Topeka, Kansas 66612

Dear Representative Mason:

SUBJECT: Fiscal Note for HB 2183 by House Committee on Commerce, Labor and Economic Development

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2183 is respectfully submitted to your committee.

HB 2183 would require an employer, upon the request of an employee, to provide a statement or copy of a statement to the employee, in a printed or written form, showing all itemized deductions made from the employee's wages each day that wages are paid. The employee would not be responsible for the costs of furnishing the forms.

The Department of Administration indicates that the State of Kansas issues detailed gross-to-net paystubs reflecting the details of all earnings, taxes, deductions, and net pay calculations. These paystubs are provided to each employee in printable, electronic formats and can also be mailed if they are not provided electronically. Effective April, 2017, all State of Kansas employee paystubs will be provided electronically. The State of Kansas and the Regents institutions began transitioning to the use of electronic delivery in 2003 and have experienced an estimated annual cost savings of \$819,000. Under HB 2183, the Department would be required to issue printed paystubs to all employees who request to receive paystubs in that format. The Department estimates that five percent of employees would elect to receive their paystubs in format.

The Department estimates increased expenditures of \$78,728 from all funds, including \$65,903 from the State General Fund in FY 2017 to comply with the bill. The estimate includes one-time implementation costs of \$35,980 to adjust the state payroll system to identify and track employees who elect to receive hard copies of their paystubs. The Department estimates recurring costs of \$42,748 per fiscal year to print and mail paystubs. The Department further estimates that the costs associated with HB 2183 would be funded from the State General Fund and agency fee funds at a ratio of 30.0 percent from the State General Fund and 70.0 percent from agency fee funds. The Department notes that the estimates do not include costs at Regents institutions. The Department states that the Regents would have costs associated with adjusting

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their individual payroll systems as well. Any fiscal effect associated with HB 2183 is not reflected in *The FY 2018 Governor's Budget Report*.

The Kansas Association of Counties indicates the bill may increase costs to counties because the bill may negate some cost savings that were realized by making the forms available electronically. The Kansas League of Municipalities indicates the bill may affect cities; however, since employees would have to request the forms, it is impossible to estimate a fiscal effect.

Sincerely,

A handwritten signature in black ink, appearing to read "Shawn Sullivan", with a horizontal line extending to the right.

Shawn Sullivan,
Director of the Budget

cc: Brock Ingmire, League of Municipalities
Melissa Wangemann, Association of Counties
Colleen Becker, Department of Administration
Dawn Palmberg, Department of Labor
Bob North, Commerce