

# One Hundred Fourth Legislature - Second Session - 2016

## Introducer's Statement of Intent

### LB933

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**Chairperson: Senator Burke Harr**

**Committee: Business and Labor**

**Date of Hearing: January 25, 2016**

The following constitutes the reasons for this bill and the purposes which are sought to be accomplished thereby:

LB933 requires an individual or company such as an LLC, corporation, partnership, or association, that provides payroll processing services to provide to the Tax Commissioner evidence of a surety bond, in an amount equal to the total of all state and federal tax payments and unemployment insurance premiums processed by the payroll processor on behalf of employers in this state in the three consecutive month period of highest volume during the previous calendar year or fifty thousand dollars, whichever is greater, but not to exceed five hundred thousand dollars.

The bond paid to the Tax Commissioner may be used for purposes of the Tax Commissioner and for the benefit of any employer who may have a cause of action against the payroll processor. The bond must be run continuously until canceled.

A surety company issuing a bond pursuant to this section shall immediately notify the Tax Commissioner if such bond is cancelled or terminated or lapses.

A payroll processor shall not designate itself as the sole recipient of notices from state or federal authorities for nonpayment of taxes or unemployment insurance contributions. The notices must ensure that such notices are provided directly to the affected employers.

The failure of a payroll processor that fails to maintain a bond or other security measure under section 3 of this act shall subject the payroll processor to the revocation, suspension, or nonrenewal of the payroll processor's license.

**Principal Introducer:** \_\_\_\_\_

Senator Colby Coash