

## Department of Planning and Budget

### 2015 Fiscal Impact Statement

**1. Bill Number:** HB2054

<b>House of Origin</b>	<input checked="" type="checkbox"/> Introduced	<input type="checkbox"/> Substitute	<input type="checkbox"/> Engrossed
<b>Second House</b>	<input type="checkbox"/> In Committee	<input type="checkbox"/> Substitute	<input type="checkbox"/> Enrolled

**2. Patron:** Sickles

**3. Committee:** General Laws

**4. Title:** State Treasurer; payments.

**5. Summary:** Provides that the State Treasurer may utilize various electronic payment systems in lieu of issuing checks only if the payee is given the option of receiving a check.

**6. Budget Amendment Necessary:** Yes, see Item 11.

**7. Fiscal Impact Estimates:** Indeterminate, see Item 8.

**8. Fiscal Implications:** This legislation would require the State Treasurer to provide an option to payees to receive a paper check instead of an electronic payment. The Department of the Treasury indicates that over 13 million electronic payments are initiated annually from the State Treasury. The department also estimates that the incremental cost of providing a paper check instead of an electronic payment is \$0.66 per check. Treasury does not have an estimate for how many payees would elect to receive a paper check. Treasury notes that approximately 375,000 taxpayers opted to receive their income tax refund as a debit card in calendar year 2014. If those individuals had opted for a paper check instead, the agency would have had additional costs of \$247,500. Treasury also indicates that if the volume of paper checks being processed increases significantly, additional staff may be required. Treasury estimates that one staff member would be needed for each additional 3 million checks processed.

Increased costs for check processing would most likely have to be paid by the general fund. Item 274 of Chapter 3, 2014 Acts of Assembly, Special Session I, does allow the Treasury to recover the costs of processing checks for the Department of Social Services (DSS), the Virginia Employment Commission (VEC), and the Virginia Retirement System (VRS). The actual cost recoveries from these agencies will depend on which payees opt to receive paper checks.

**9. Specific Agency or Political Subdivisions Affected:** Department of the Treasury, Department of Social Services, Virginia Employment Commission, and Virginia Retirement System

**10. Technical Amendment Necessary:** No.

**11. Other Comments:** This bill is in conflict with Item 465C, Chapter 3, 2014 Acts of Appropriation, 2014 Special Session I. Accordingly, this legislation would have no impact unless the existing budget language is amended or repealed.

C: Secretary of Finance

Date: January 26, 2015

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