

**LEGISLATIVE FISCAL OFFICE**  
**Fiscal Note**



Fiscal Note On: **HB 402** HLS 18RS 1033

Bill Text Version: **ORIGINAL**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

<b>Date:</b> March 14, 2018 5:20 PM	<b>Author:</b> EDMONDS
<b>Dept./Agy.:</b> Statewide	<b>Analyst:</b> Alan M. Boxberger
<b>Subject:</b> Provides for reimbursement of preemployment examinations	

EMPLOYMENT OR SEE FISC NOTE SG RV Page 1 of 1  
Provides for the reimbursement of the cost of certain preemployment examinations, testing, or background checks

Present law provides that an employer has a right of reimbursement from an employee or applicant for the costs of the employee's preemployment medical examination or drug test provided that the employee meets certain criteria. Proposed law adds criminal background checks to the list of cost for which an employee may be charged if the background check is required by law as a condition of employment.

<b>EXPENDITURES</b>	<b>2018-19</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>5 -YEAR TOTAL</b>
State Gen. Fd.	SEE BELOW					
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Ded./Other	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Federal Funds	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Local Funds	SEE BELOW					
<b>Annual Total</b>						

  

<b>REVENUES</b>	<b>2018-19</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>5 -YEAR TOTAL</b>
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Agy. Self-Gen.	SEE BELOW					
Ded./Other	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Federal Funds	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Local Funds	SEE BELOW					
<b>Annual Total</b>						

**EXPENDITURE EXPLANATION**

Proposed law will impact both public and private employers, adding criminal background checks to the list of reimbursable preemployment costs incurred by employers for potential employees. In situations where a criminal background check is required by law as a condition of employment, employers may seek reimbursement for costs incurred for certain employees that terminate the employment relationship sooner than ninety working days after his or her first day of work or never reports to work.

Proposed law provides a right of, but does not require employers to seek, reimbursement. State and local governmental entities that choose to seek reimbursement from prospective employees that fail to work for the employing agency more than ninety working days would realize an indeterminable expenditure increase associated with collection efforts. For an employee that terminates within ninety working days, the entity is authorized under present law to withhold those costs from the employee's wages if given proper preemployment notification to such effect. The LFO assumes agencies attempting to seek reimbursement from prospective employees that fail to report will be required to utilize existing debt collection methodologies as prescribed by the respective governing authorities. Total expenditures by state and local governing authorities are indeterminable and dependent upon election by the authority to seek reimbursement, the number of eligible potential preemployment criminal background checks conducted, and the debt collection practices of the agency.

**REVENUE EXPLANATION**

Proposed law would result in an indeterminable revenue increase to the degree that state and local governmental entities seek reimbursement for preemployment screenings from potential employees that voluntarily terminate within ninety days of employment or that fail to report. The amount of such revenues would be dependent upon the number of potential preemployment criminal background checks for which governmental entities seek reimbursement, the unit background check costs paid by the employers, and the ability of the agencies to successfully collect monies from individuals that fail to report to work. Employers can withhold the cost of the criminal background check from the final paycheck of employees that terminate within ninety working days.

For simplicity, this fiscal note reports that revenues would be generated as agency SGR or local funds. In practice, the LFO assumes that the employer would credit the funds back into the means of finance utilized for the background check, which could appear in any means of finance (SGF, SGR, Statutory Dedication, Federal or Local).

Senate Dual Referral Rules  
 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H}  
 13.5.2 >= \$500,000 Annual Tax or Fee Change {S&H}

House  
 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}  
 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

*Evan Brasseaux*  
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**Staff Director**