STATE OF NEW YORK

6728

2019-2020 Regular Sessions

IN SENATE

September 18, 2019

Introduced by Sen. BRESLIN -- read twice and ordered printed, and when printed to be committed to the Committee on Rules

AN ACT in relation to requiring the department of financial services, in consultation with the department of taxation and finance, to conduct a study regarding insurance or other risk mitigation tools and third-party payroll service providers

The People of the State of New York, represented in Senate and Assembly, do enact as follows:

Section 1. 1. The superintendent of financial services, in consultation with the commissioner of taxation and finance, shall review the adequacy of employee protections and small business employer protections in the payroll services industry. The superintendent shall make recommendations regarding the same. Such review shall include but not be limited to:

(a) the present state of employee protections in the payroll services industry;

(b) the present state of small business employer protections in the payroll services industry;

(c) the incidence of fraud or misappropriation of payroll funds in the payroll services industry;

(d) the number of small businesses in New York that use payroll service providers;

(e) the number and size of payroll service providers in New York;

(f) specific causal or facilitative facts regarding instances of fraud or misappropriation by payroll service providers;

(g) the feasibility and advisability of requiring payroll service providers to obtain insurance, post bonds, or utilize other risk management tools to address potential situations in which payroll monies owed to employees on behalf of businesses are stolen, misappropriated, or otherwise rendered unavailable after being transmitted from an employer to a payroll service provider or an affiliated entity; and

EXPLANATION--Matter in *italics* (underscored) is new; matter in brackets [-] is old law to be omitted.

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(h) the feasibility and advisability of the department of financial services having regulatory oversight over third-party payroll service providers.

2. Within one hundred twenty days of the effective date of this act, the superintendent of financial services shall submit a report to the governor, the temporary president of the senate and the speaker of the assembly of the department's findings, conclusions, and recommendations.

§ 2. This act shall take effect immediately.