

# STATE OF NEW YORK

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7786

2021-2022 Regular Sessions

## IN ASSEMBLY

May 21, 2021

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Introduced by M. of A. CAHILL -- read once and referred to the Committee on Banks

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:

1 Section 1. 1. The superintendent of financial services, in consulta-  
2 tion with the commissioner of taxation and finance, shall review the  
3 adequacy of employee protections and small business employer protections  
4 in the payroll services industry. The superintendent shall make recom-  
5 mendations regarding the same. Such review shall include but not be  
6 limited to:

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

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

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

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

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

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

18 (g) the feasibility and advisability of requiring payroll service  
19 providers to obtain insurance, post bonds, or utilize other risk manage-  
20 ment tools to address potential situations in which payroll monies owed  
21 to employees on behalf of businesses are stolen, misappropriated, or  
22 otherwise rendered unavailable after being transmitted from an employer  
23 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.

LBD07628-01-1

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

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

8 § 2. This act shall take effect immediately.