

**LEGISLATIVE SERVICES AGENCY  
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS  
FISCAL IMPACT STATEMENT**

**LS 6100**  
**BILL NUMBER:** HB 1047

**NOTE PREPARED:** Oct 21, 2025  
**BILL AMENDED:**

**SUBJECT:** Regulation of Payroll Service Providers.

**FIRST AUTHOR:** Rep. Teshka  
**FIRST SPONSOR:**

**BILL STATUS:** As Introduced

**FUNDS AFFECTED:**     **GENERAL**  
                              **DEDICATED**  
                              **FEDERAL**

**IMPACT:** Local

**Summary of Legislation:** The bill requires a payroll service provider to provide the option to a business client that would allow the business client to hold the business client's funds in a bank account that is:  
(1) owned by the business client (as opposed to the payroll service provider's bank account); and  
(2) insured by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund.

It requires a payroll service provider to obtain a performance bond equal to the amount of the business client's total annual estimated payroll taxes.

**Effective Date:** July 1, 2026.

**Explanation of State Expenditures:**

**Explanation of State Revenues:**

**Explanation of Local Expenditures:** Local units that use a payroll service provider would have reduced risk of having expenses related to fraud.

**Explanation of Local Revenues:**

**State Agencies Affected:**

**Local Agencies Affected:** Local units that use a payroll service provider.

**Information Sources:**

**Fiscal Analyst:** Camille Tesch, 317-232-5293.