

# Department of Finance and Administration

## Legislative Impact Statement

**Bill: HB2033**

**Bill Subtitle: TO REQUIRE THE DEPARTMENT OF FINANCE AND ADMINISTRATION TO ESTABLISH A CRIMINAL BACKGROUND CHECK POLICY FOR CERTAIN PERSONS APPLYING FOR OR OCCUPYING A POSITION HAVING ACCESS TO FEDERAL TAX INFORMATION.**

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### **Basic Change :**

**Sponsor: Rep. Shepherd**

The IRS recently notified states that a criminal background investigation is required of any state employee or contractor having access to federal tax information for the IRS to continue providing that information to the state. HB2033 requires the DFA Director to establish a criminal background investigation policy for current and prospective employees of DFA and of contractors with DFA. This background check shall be conducted on those current and prospective employees who may have access to federal tax information as a part of their job duties.

The background investigation shall be conducted by the Arkansas State Police and the FBI and shall include the taking of fingerprints. Current employees shall be subject to a background check at least once every 10 years. The results of the background check may not be released to anyone other than the person who is the subject of the investigation and the results may only be used for the purpose of making a decision regarding the employment or retention of the person. Existing employees who have access to federal tax information are required to report subsequent arrests for misdemeanors and felonies and that information is to be used by the DFA Director only in making a decision regarding retention of the person.

### **Revenue Impact :**

None.

### **Taxpayer Impact :**

None.

### **Resources Required :**

Cost of background checks - \$55,000 for FY2018 and \$10,000 per year thereafter.

### **Time Required :**

Adequate time is provided to implement this bill.

### **Procedural Changes :**

Applicants will need to have background checks performed before being offered positions. Existing employees failing background checks could be terminated.

### **Other Comments :**

Failure to notify DFA of an arrest for a misdemeanor or felony offense may be grounds for immediate

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termination.

### **Legal Analysis :**

HB2033 provides for the DFA Director to require criminal background investigations of current and prospective employees of DFA and of contractors with DFA if the subject of the investigation may view federal tax information as part of their job duties. The IRS has informed states that a criminal background investigation of this nature is required in order for the state to continue receiving federal tax information.

HB2033 will be effective 90 days after adjournment.