



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2015 Biennium

Bill #	HB0297
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Title:	Provide that employment of an unauthorized alien is unlawful
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Primary Sponsor:	Howard, David
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Status:	As Amended in House Committee
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| <input type="checkbox"/> Significant Local Gov Impact | <input checked="" type="checkbox"/> Needs to be included in HB 2 | <input checked="" type="checkbox"/> Technical Concerns |
| <input type="checkbox"/> Included in the Executive Budget | <input type="checkbox"/> Significant Long-Term Impacts | <input type="checkbox"/> Dedicated Revenue Form Attached |

FISCAL SUMMARY

	<u>FY 2014 Difference</u>	<u>FY 2015 Difference</u>	<u>FY 2016 Difference</u>	<u>FY 2017 Difference</u>
Expenditures:				
General Fund	\$139,984	\$217,845	\$221,113	\$224,429
Proprietary	\$17,343	\$0	\$0	\$0
Revenue:				
General Fund	\$0	\$0	\$0	\$0
Proprietary	\$0	\$0	\$0	\$0
Net Impact-General Fund Balance:	(\$139,984)	(\$217,845)	(\$221,113)	(\$224,429)

Description of fiscal impact: HB 297 requires the Department of Justice to enforce the compliance of employment status for the “unauthorized alien” classification. This work would include validation through the federal e-verify system, establishing procedures, and adjudication to resolution. The Secretary of State’s office would have to enhance existing mainframe system.

FISCAL ANALYSIS

Assumptions:

Department of Justice (DOJ)

1. The bill is effective 6 months after the date of passage and approval. It is assumed the bill would become effective November 1, 2013 (8 months or 67% of FY 2014).
2. Department of Justice will establish a process to receive complaints against employers who may have hired unauthorized aliens.

Division of Criminal Investigation (DCI)

3. It is estimated the department will investigate up to 50 complaints per year.
4. Once a complaint is received, the division will investigate whether a violation has occurred.
5. DCI estimates the need for 1.00 FTE investigator will be needed to investigate complaints. The personal services total is \$117,576 annually, with \$47,357 in operating for FY 2014 and \$45,394 for FY 2015, and a one-time vehicle purchase of \$22,126 in FY 2014. FY 2014 personal services costs are 67% of calculated total.
6. The division will notify U.S. Immigration and Customs Enforcement and local law enforcement if an authorized alien is employed.
7. The department will issue a cease and desist order requiring the employer to terminate employment of the unauthorized alien.
8. After second violation and hearings, the department will order the appropriate agencies to suspend all licenses for at least 30 days.

Legal Services Division

9. The department estimates that 25 of the 50 complaints will require an administrative hearing.
10. It is estimated that the department will conduct 5 hearings per year for contested cases at \$1,000 per case for the hearings examiner, \$930 per case for attorneys, and \$265 per case for paralegals. Annual hearing costs will total \$10,975. FY 2014 is 67% of total calculated cost.
11. The department will file an action in the district court with jurisdiction if the employer refuses to comply with an order issued by the department.
12. The department will adopt rules establishing procedures to exempt certain licenses, establishing guidelines for the length of suspensions, and establishing investigation and hearing procedures.
13. There is a 1.5% inflation factor applied to FY 2016 and FY 2017.

Secretary of State (SOS)

14. The estimate provided by the office's contractor to modify the mainframe includes:
 - Time to code and test modifications to the existing CICS TCPIP web interface process for accessing Assumed Business Name (ABN), Limited Partnership (LP), and Limited Liability Partnership (LLP) mainframe data.
 - Time to code and test the application online modifications to the add, change, inquiry and delete screens.
 - Time to code and test the PF7 print report process.
 - Time to code and test the batch monthly reporting process for ABN, LP and LLP.
15. The estimated cost to make these changes is \$17,343 to the Secretary of State's office.

Department of Labor and Industry (DoLI)

16. Assuming the licenses issues by the Department of Labor and Industry are included in the scope of this bill (see technical notes), the Department of Justice will promptly notify agencies of employers that are subject to license suspension and receipt of information terminating the suspension of a license.
17. The Department of Justice will provide agencies with sufficient information to specifically identify the person or entity deemed to be the non-complying employer against which enforcement action was taken.
18. There will be some lag time between the receipt of an order from the Department of Justice suspending a license pursuant to Section 4(2) and that status being reflected in the records of the Department of Labor and Industry, including the various on-line license status look-up functions.
19. There will be some lag time between the receipt of notification from the Department of Justice concerning the receipt of an affidavit pursuant to Section 4(2)(b) and the reinstatement status being reflected in the records of the Department of Labor and Industry, including the various on-line license status look-up functions.

	<u>FY 2014 Difference</u>	<u>FY 2015 Difference</u>	<u>FY 2016 Difference</u>	<u>FY 2017 Difference</u>
<u>Fiscal Impact:</u>				
FTE	0.67	1.00	1.00	1.00
<u>Expenditures:</u>				
Personal Services - DoJ	\$78,776	\$117,576	\$119,340	\$121,130
Operating Expenses - DoJ	\$39,082	\$100,269	\$101,773	\$103,300
Operating Expenses - SOS	\$17,343			
Equipment - DoJ	\$22,126	\$0	\$0	\$0
TOTAL Expenditures	<u>\$157,327</u>	<u>\$217,845</u>	<u>\$221,113</u>	<u>\$224,429</u>
<u>Funding of Expenditures:</u>				
General Fund (01) - DoJ	\$139,984	\$217,845	\$221,113	\$224,429
Proprietary (06) - SOS	\$17,343	\$0	\$0	\$0
TOTAL Funding of Exp.	<u>\$157,327</u>	<u>\$217,845</u>	<u>\$221,113</u>	<u>\$224,429</u>
<u>Revenues:</u>				
General Fund (01)	\$0	\$0	\$0	\$0
Proprietary (06)	\$0	\$0	\$0	\$0
TOTAL Revenues	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>				
General Fund (01)	(\$139,984)	(\$217,845)	(\$221,113)	(\$224,429)
Proprietary (06)	(\$17,343)	\$0	\$0	\$0

Technical Notes:

1. This legislation requires the suspension of business licenses of employers who employ unauthorized aliens. Licenses referred to under New Section 1 (7) are licenses for the “purpose of operating a business”; the Business Standards Division functions under a different definition of license found in 37-1-302 (6) “License means permission granted under a chapter of this title to engage in or practice at a specific level in a profession or occupation, regardless of the specific term used for the permission, including permit, certificate, recognition, or registration.” The licenses issued by the boards and programs that are attached to the Business Standards Division are not issued with the purpose of “operating a business”, they are licenses or permission to practice a profession. For this reason, it is not clear that this legislation would apply to licenses issued by Business Standards Division.
2. If it is determined that this legislation would apply to professional practice licenses it is estimated there would be additional costs to the boards to prosecute complaints tied to this legislation both for legal time, investigatory time, and time for the division compliance staff. It would be necessary to go through a budget cycle in order to experience the total impact of this bill.

3. New Section 4 (4) states licenses subject to suspension are “all licenses that are held by the employer and that are necessary to operate the employer’s business at the employer’s business location where the unauthorized alien performed work. If a license is not necessary to operate the employer’s business at the specific location where the unauthorized alien performed work, but is necessary to operate the employer’s business in general, the licenses that are subject to suspension under this section include all licenses held by the employer at the employer’s principal place of business.” A technical concern is that an employer’s entire staff or group of employees could be affected by this legislation and if necessary licenses were suspended, they too, could be unable to work at their profession until the matter was resolved.

Sponsor’s Initials

Date

Budget Director’s Initials

Date