

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0571-05
Bill No.: HCS for HB 85
Subject: Business and Commerce; Crimes and Punishment; Employees and Employers
Type: Original
Date: March 5, 2007

Bill Summary: The proposal creates the felony crime of employing an illegal alien.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
General Revenue	(\$144,010)	(\$118,029)	(\$121,571)
Total Estimated Net Effect on General Revenue Fund	(\$144,010)	(\$118,029)	(\$121,571)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 6 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
General Revenue	3	3	3
Total Estimated Net Effect on FTE	3	3	3

☒ Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

☐ Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
Local Government	(Unknown)	(Unknown)	(Unknown)

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Office of Administration – Administrative Hearing Commission, Department of Economic Development, Department of Transportation, Department of Revenue, Department of Conservation,** and the **City of Kansas City** assume the proposal would have no fiscal impact on their agencies.

Officials from the **Office of State Courts Administrator** assume the proposed legislation would have no fiscal impact on the courts.

Officials from the **Office of the Attorney General (AGO)** assume this proposal may require that the AGO assist the Department of Labor and Industrial Relations (DOLIR) in enforcement actions. Because DOLIR is authorized as the enforcing entity, AGO assumes that any costs associated in assisting the DOLIR can be absorbed within existing resources.

Officials from the **Department of Labor and Industrial Relations (DOLIR)** assume the need for one FTE Administrative Office Support Assistant (at \$19,536 per year) to prepare and send out additional paperwork required by this legislation. DOLIR estimates the total cost to be \$30,000 per fiscal year.

Oversight has revised the Department of Labor and Industrial Relations costs to reflect 6 months cost for FY 08.

Officials from the **Office of the Secretary of State (SOS)** assume the proposal requires the SOS to suspend the pertinent state business licenses or registrations of a noncompliant employer. It is unknown how many complaints would be filed; therefore, it is not possible to accurately estimate the fiscal impact. At a minimum, the SOS would need two FTE Technicians III (each at \$28,368 per year). SOS also assumes there will need to be modifications to the existing Knowledge Base computer system for business registrations to allow for a registration “suspension.” SOS assumes the cost of the required computer programming would be \$75,000.

SOS estimates the cost of the proposal to be approximately \$150,000 in FY 08 and \$90,000 in subsequent years.

Oversight has revised the Office of the Secretary of State costs to reflect 6 months cost for FY 08.

ASSUMPTION (continued)

Officials from the **City of Centralia** assume, if the proposal applies to cities, initial enrollment might cost \$500 to \$1,000. Officials estimate the cost to be \$300 per year thereafter.

Officials from the **City of West Plains** assume they could have some costs in complying with the provisions of the proposal. Officials did not quantify the potential costs.

Oversight assumes cities and counties could incur some costs in taking action against business licenses. Oversight has reflected the local cost as Unknown.

<u>FISCAL IMPACT - State Government</u>	FY 2008 (6 Mo.)	FY 2009	FY 2010
GENERAL REVENUE FUND			
<u>Costs – Department of Labor and Industrial Relations</u>			
Personal Service	(\$10,061)	(\$20,726)	(\$21,348)
Fringe Benefits	(\$4,554)	(\$9,381)	(\$9,662)
Equipment and Expense	<u>(\$903)</u>	<u>(\$489)</u>	<u>(\$504)</u>
Total Costs – DOLIR	(\$15,518)	(\$30,596)	(\$31,514)
FTE Change – DOLIR	1 FTE	1 FTE	1 FTE
<u>Costs – Office of the Secretary of State</u>			
Personal Service	(\$29,219)	(\$60,191)	(\$61,997)
Fringe Benefits	(\$13,225)	(\$27,242)	(\$28,060)
Equipment and Expense	<u>(\$86,048)</u>	<u>\$0</u>	<u>\$0</u>
Total Costs – SOS	<u>(\$128,492)</u>	<u>(\$87,433)</u>	<u>(\$90,057)</u>
FTE Change – SOS	2 FTE	2 FTE	2 FTE
ESTIMATED NET EFFECT ON GENERAL REVENUE FUND	<u>(\$144,010)</u>	<u>(\$118,029)</u>	<u>(\$121,571)</u>
Estimated Net FTE Change for General Revenue Fund	3 FTE	3 FTE	3 FTE

<u>FISCAL IMPACT - Local Government</u>	FY 2008 (6 Mo.)	FY 2009	FY 2010
POLITICAL SUBDIVISIONS			
<u>Costs – Cities and Counties</u>			
Actions against business licenses	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
ESTIMATED NET EFFECT ON POLITICAL SUBDIVISIONS	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>

FISCAL IMPACT - Small Business

Small businesses employing illegal aliens may experience a direct fiscal as a result of this proposal.

FISCAL DESCRIPTION

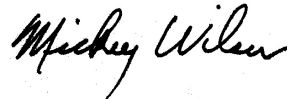
The proposed legislation makes it unlawful for business entities to employ, recruit, or hire unauthorized aliens to perform work in Missouri. Employing unauthorized aliens, failing to provide identifying information on employees when requested to do so, or failing to correct violations within 10 business days will result in the suspension of the entity's state and local business license and registration. A business entity will not be in violation of the employment prohibition if, prior to the violation, it verified the employment eligibility of an unauthorized alien using the federal basic pilot program. All state employers and any business entity receiving a state contract or grant or using state resources must participate in the basic pilot program. Only the federal government can make a determination on whether a worker is an unauthorized alien.

The legislation becomes effective January 1, 2008.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Office of the Attorney General
Office of Administration
 – Administrative Hearing Commission
Office of State Courts Administrator
Department of Economic Development
Department of Transportation
Department of Labor and Industrial Relations
Department of Revenue
Department of Conservation
Office of the Secretary of State
City of Centralia
City of Kansas City
City of West Plains



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Director
March 5, 2007