

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4746-01
Bill No.: HB 1224
Subject: Employees- Employers; Immigration; Crimes and Punishment
Type: Original
Date: April 11, 2012

Bill Summary: This proposal requires all employers and business entities to enroll and actively participate in a federal work authorization program and imposes stricter penalties for employing unauthorized aliens.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
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 2013	FY 2014	FY 2015
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
Total Estimated Net Effect on FTE	0	0	0

☐ 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 2013	FY 2014	FY 2015
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials at the **Budget and Planning** assume the fines created in Section 285.535 RSMo. will not impact General or Total State Revenues as those fines will be distributed to local schools. This proposal will allow a business entity participating in a federal work authorization program to deduct any costs incurred by participating in the program from the employer's state income or business taxes. This will reduce General and Total State Revenues by an unknown amount.

Officials at the **Office of Administration** assume the state has participated in E-Verify since January of 2009 (and for some agencies longer, as they participated in earlier pilot programs). The state should experience minimal fiscal impact to remain in compliance with the law. There may be implications for tax revenue to increase based upon fines collected, or to decrease based upon the ability of employers/business entities to deduct costs incurred from income or business taxes.

Officials at the **City of Kansas City, Department of Agriculture, Department of Conservation, Department of Corrections, Department of Economic Development, Department of Health and Senior Services, Department of Higher Education, Department of Insurance, Financial Institutions and Professional Registration, Department of Labor and Industrial Relations, Department of Mental Health, Department of Natural Resources, Department of Revenue, Department of Social Services, Linn State Technical College, Lincoln University, Metropolitan Community College, Missouri Department of Transportation, Missouri Highway Patrol, Missouri Southern State University, Missouri State University, Missouri Veterans Commission, Missouri Western State University, Northwest Missouri State University, Office of Prosecution Services, Office of the State Auditor, Office of State Courts Administrator, Office of the State Public Defender, Office of State Treasurer, St. Louis County, University of Central Missouri and the University of Missouri** assume there is no fiscal impact from this proposal.

Officials at the **Mexico School District** assume the impact is unknown.

Officials at the **Department of Elementary and Secondary Education** assume there is no state cost to the foundation formula associated with this proposal. Should the new crimes and amendments to current law result in additional fines or penalties, DESE cannot know how much additional money might be collected by local governments or the DOR to distribute to schools. To the extent fine revenues exceed 2004-2005 collections, any increase in this money distributed to schools increases the deduction in the foundation formula the following year. Therefore the

ASSUMPTION (continued)

affected districts will see an equal decrease in the amount of funding received through the formula the following year; unless the affected districts are hold-harmless, in which case the districts will not see a decrease in the amount of funding received through the formula (any increase in fine money distributed to the hold-harmless districts will simply be additional money). An increase in the deduction (all other factors remaining constant) reduces the cost to the state of funding the formula.

Officials from the **Office of the Secretary of State (SOS)** state many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The SOS is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to the SOS for Administrative Rules is less than \$2,500. The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, the SOS also recognizes that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what the office can sustain with the core budget. Therefore, the SOS reserves the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

Oversight assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal. If multiple bills pass which require the printing and distribution of regulations at substantial costs, the SOS could request funding through the appropriation process.

Oversight assumes that since the E-Verify program is free to use and the penalties are high for not using it that employers will comply with the law and few penalties will be assessed. Therefore, Oversight assumes this proposal would have no fiscal impact.

<u>FISCAL IMPACT - State Government</u>	FY 2013 (10 Mo.)	FY 2014	FY 2015
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2013 (10 Mo.)	FY 2014	FY 2015
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

FISCAL DESCRIPTION

The proposed legislation appears to have no fiscal impact.

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

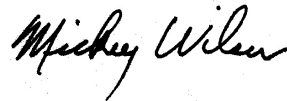
SOURCES OF INFORMATION

Budget and Planning
City of Kansas City
Department of Agriculture
Department of Conservation
Department of Corrections
Department of Economic Development
Department of Elementary and Secondary Education
Department of Health and Senior Services
Department of Higher Education
Department of Insurance, Financial Institutions and Professional Registration
Department of Labor and Industrial Relations
Department of Mental Health
Department of Natural Resources
Department of Revenue
Department of Social Services
Linn State Technical College
Lincoln University
Metropolitan Community College
Mexico School District
Missouri Department of Transportation
Missouri Highway Patrol
Missouri Southern State University
Missouri State University
Missouri Veterans Commission
Missouri Western State University
Northwest Missouri State University
Office of Administration

JH:LR:OD

SOURCES OF INFORMATION (continued)

Office of Prosecution Services
Office of the Secretary of State
Office of the State Auditor
Office of State Courts Administrator
Office of the State Public Defender
Office of State Treasurer
St. Louis County
University of Central Missouri
University of Missouri

A handwritten signature in black ink that reads "Mickey Wilson". The signature is written in a cursive, flowing style.

Mickey Wilson, CPA
Director
April 11, 2012