

Fiscal Estimate - 2009 Session

Original
 Updated
 Corrected
 Supplemental

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|--|---|------------------------------|---------------------------------------|---|--|
| LRB Number 09-3607/1 | Introduction Number SB-600 | | | | |
| Description Making companies that hire illegal aliens ineligible for certain tax exemptions, governmental contracts, grants, and loans, granting rule-making authority, and providing penalties | | | | | |
| Fiscal Effect | | | | | |
| State: <input type="checkbox"/> No State Fiscal Effect <input type="checkbox"/> Indeterminate <input type="checkbox"/> Increase Existing Appropriations <input type="checkbox"/> Increase Existing Revenues <input checked="" type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget <input type="checkbox"/> Decrease Existing Appropriations <input type="checkbox"/> Decrease Existing Revenues <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> Create New Appropriations <input type="checkbox"/> Decrease Costs | | | | | |
| Local: <input type="checkbox"/> No Local Government Costs <input checked="" type="checkbox"/> Indeterminate 1. <input type="checkbox"/> Increase Costs 3. <input type="checkbox"/> Increase Revenue <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory 2. <input type="checkbox"/> Decrease Costs 4. <input type="checkbox"/> Decrease Revenue <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory | | | | | |
| 5. Types of Local Government Units Affected <input type="checkbox"/> Towns <input type="checkbox"/> Village <input type="checkbox"/> Cities <input type="checkbox"/> Counties <input type="checkbox"/> Others <input type="checkbox"/> School Districts <input type="checkbox"/> WTCS Districts | | | | | |
| <table style="width: 100%; border: none;"> <tr> <td style="width: 50%;">Fund Sources Affected</td> <td style="width: 50%;">Affected Ch. 20 Appropriations</td> </tr> <tr> <td> <input checked="" type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEGS 20.143 (1)a </td> <td></td> </tr> </table> | | Fund Sources Affected | Affected Ch. 20 Appropriations | <input checked="" type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEGS 20.143 (1)a | |
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| Agency/Prepared By COMM/ Julie Keal (608) 266-6748 | Authorized Signature Louie Cornelius (608) 266-8629 | Date 3/18/2010 | | | |

Fiscal Estimate Narratives
COMM 3/18/2010

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|---|------------------|---------------------|---------------|---------------|-----------------|
| LRB Number | 09-3607/1 | Introduction Number | SB-600 | Estimate Type | Original |
| Description Making companies that hire illegal aliens ineligible for certain tax exemptions, governmental contracts, grants, and loans, granting rule-making authority, and providing penalties | | | | | |

Assumptions Used in Arriving at Fiscal Estimate

Under this bill, any company which has hired illegal aliens is, for a period of 7 years, ineligible to: 1) receive any income or franchise tax credit or property tax exemption; 2) enter into a contract with the state or a local government unit for the construction, remodeling, or repair of a public work or building, or for the furnishing of supplies, services, equipment, or material of any kind; and 3) receive any grants or loans from a local government unit. The sanctions begin with the year the company is subject to sanctions under federal law. Any company that has hired an illegal alien is subject to a fine of not more than \$10,000 per illegal alien.

The Department is authorized to promulgate rules and implement the provisions in this bill. In developing the rules and procedures for implementing these regulatory responsibilities, the Department will be dealing with a significant number of businesses and contracts. Currently, the state's vendor database contains over 72,000 for profit businesses and the state building program utilizes about 500 firms. In addition to bids or request for proposals, the state procures over \$115 million annually for materials, fuel and minor equipment through procurement credit cards. Commerce will also be responsible for implementing this provision for contracts, and for grants and loans made by local governments. There are approximately 1,924 local governments in Wisconsin comprised of cities, villages, towns and counties. It is not possible to determine the number of contracts, grants and loans which they enter into, although it will require resources to track each local government and the contracts they enter into.

As part of these regulatory responsibilities, the law provides for enforcement provisions, which include the imposition of fines and penalties. The Department will need to develop a system to identify companies that are not adhering to the law and ensure companies are not employing illegal aliens. The details of implementation will be fully addressed in the administrative rules. The Department will need additional resources to develop rules and implementing the program, including tracking companies and maintaining a database.

In order to implement this program, the Department will need 1.0 FTE community service specialist. The annualized costs for an entry level community service specialist, which are detailed below, are \$52,800. In addition, one-time costs of \$4,500 will be needed for the employee's workspace.

Salary + Fringe: \$48,800
Supplies and Services: \$4,000
One-time Costs: \$4,500

1 FTE Staff Costs: \$57,300

This bill deals with the hiring of illegal aliens. At this point, it is impossible to determine the number of companies that will be impacted by the specific provisions in this bill. Nonetheless, it is likely the Department will need to build a database. If a significant amount of companies are affected by this new law, the Department may need additional resources at a later date to develop a more comprehensive database.

Local Fiscal Effect -- the bill states that any company that has hired an illegal alien shall not, for 7 years, receive any grants or loans from a local unit of government or enter into a public contract with a unit of local government. Local governments may incur costs in determining the status of relevant employees of businesses, but Commerce cannot at this time determine what those costs would entail.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2009 Session

Detailed Estimate of Annual Fiscal Effect

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| Description Making companies that hire illegal aliens ineligible for certain tax exemptions, governmental contracts, grants, and loans, granting rule-making authority, and providing penalties | | | |
| I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect): \$4,500 | | | |
| II. Annualized Costs: | | Annualized Fiscal Impact on funds from: | |
| | | Increased Costs | Decreased Costs |
| A. State Costs by Category | | | |
| | State Operations - Salaries and Fringes | \$48,800 | \$ |
| | (FTE Position Changes) | (1.0 FTE) | |
| | State Operations - Other Costs | 4,000 | |
| | Local Assistance | | |
| | Aids to Individuals or Organizations | | |
| | TOTAL State Costs by Category | \$52,800 | \$ |
| B. State Costs by Source of Funds | | | |
| | GPR | 52,800 | |
| | FED | | |
| | PRO/PRS | | |
| | SEG/SEG-S | | |
| III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.) | | | |
| | | Increased Rev | Decreased Rev |
| | GPR Taxes | \$ | \$ |
| | GPR Earned | | |
| | FED | | |
| | PRO/PRS | | |
| | SEG/SEG-S | | |
| | TOTAL State Revenues | \$ | \$ |
| NET ANNUALIZED FISCAL IMPACT | | | |
| | | State | Local |
| | NET CHANGE IN COSTS | \$52,800 | \$ |
| | NET CHANGE IN REVENUE | \$ | \$ |
| Agency/Prepared By | | Authorized Signature | Date |
| COMM/ Julie Keal (608) 266-6748 | | Louie Cornelius (608) 266-8629 | 3/18/2010 |