

Fiscal Estimate Narratives

COMM 7/6/2011

LRB Number	11-2156/1	Introduction Number	SB-137	Estimate Type	Original
Description Making companies that hire persons who are not legally in the United States 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 a person who is not legally in the United States is, for a period of seven 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; or 3) receive any grants or loans from a local government unit. The sanctions begin with the year the company is subject to the sanctions under federal law. Any company that has hired a person who is not legally in the United States is subject to a fine of not more than \$10,000 per each such person that the company hires.

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. The state's vendor database has contained more than 72,000 for-profit businesses, and the state building program has utilized about 500 firms. In addition to bids or request for proposals, the state has procured 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, including cities, villages, towns and counties. It is not possible to determine the number of contracts, grants and loans which these entities will enter into, though 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 that companies are not employing persons who are not legally in the United States. The details of the implementation will be fully addressed in the administrative rules. The Department will need additional resources to develop rules and implement the program, including tracking companies and maintaining a database.

In order to implement this program, the Department will need 1.0 FTE community services specialist. The annualized costs for an entry-level community services specialist, which are detailed below, are \$56,600. In addition, one-time costs of \$4,500 will be needed for the employee's workspace.

Salary + Fringe: \$52,600
Supplies and Services: \$4,000
One-time Costs: \$4,500

1.0 FTE Staff Costs: \$61,100

This bill deals with the hiring of persons who are not legally in the United States. 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 number 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 a person who is not legally in the United States shall not, for seven years, receive any grants or loans from a local unit of government. Local governments may incur costs in determining the status of relevant employees of businesses, but Commerce cannot at this time determine the amount or scope of these costs.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2011 Session

Detailed Estimate of Annual Fiscal Effect

Original
 Updated
 Corrected
 Supplemental

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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	\$52,600		\$
(FTE Position Changes)			
State Operations - Other Costs	4,000		
Local Assistance			
Aids to Individuals or Organizations			
TOTAL State Costs by Category	\$56,600		\$
B. State Costs by Source of Funds			
GPR	56,600		
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			
	<u>State</u>	<u>Local</u>	
NET CHANGE IN COSTS	\$56,600		\$
NET CHANGE IN REVENUE	\$		\$
Agency/Prepared By		Authorized Signature	Date
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