



LEGISLATIVE FISCAL OFFICE  
Fiscal Note

Fiscal Note On: **HB 411** HLS 11RS 126  
Bill Text Version: **ENGROSSED**  
Opp. Chamb. Action:  
  
Proposed Amd.:  
Sub. Bill For.:

<b>Date:</b> June 8, 2011 10:22 AM	<b>Author:</b> WOOTON
<b>Dept./Agy.:</b> Statewide/Workforce Commission	
<b>Subject:</b> Private and public employers mandated to use E-verify	<b>Analyst:</b> Deborah Vivien

ALIENS/ILLEGAL

EG INCREASE GF EX See Note

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Creates the Louisiana Citizen Protection Act

Current law prohibits the employment, hiring, recruitment or referral of an alien not entitled to lawfully reside or work in the United States for private or public employment within the state (R.S. 23:992), except in certain agricultural circumstances. Certain documentation for each employee is required including birth certificate, naturalization certificate, certificate of citizenship, alien registration receipt card or US immigration form I-94 with authorized stamp.

Proposed law outlines the fines and prison time and defines the crimes of harboring and transporting an alien as defined in federal law, failure to report fraud in obtaining public assistance and hiring anyone from inside a motor vehicle. Specifications for the registration and documentation for aliens and the parents/legal guardians of aliens is outlined. Proposed law also mandates that any employer contracting with a public entity (state or local), including subcontractors, (continued on page 2)

EXPENDITURES	2011-12	2012-13	2013-14	2014-15	2015-16	5 -YEAR TOTAL
State Gen. Fd.	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
Local Funds	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

REVENUES	2011-12	2012-13	2013-14	2014-15	2015-16	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

EXPENDITURE EXPLANATION

Two components of this bill will cause the primary fiscal impact to the state: training and enforcement of the E-verify verification and requiring a sworn affidavit for all payments of public assistance. Together, they are expected to cost the state upwards of \$11 million and also cause some local entities to increase expenditures in order to comply.

E-verify Training and Enforcement (approximately \$1.5 million per year)

To adequately implement and enforce the provisions of this bill, the Workforce Commission proposes creating a special unit within the Department. The unit would consist of 18 new employees to provide training and technical advice for E-verify and any other federally permitted systems as well as investigate and report claims against employers for possible violations. The employees would include 16 investigators (2 for each of the state’s 8 regional labor market areas) who would also provide training for the federal systems, a supervisor and a staff attorney. Total salary and related benefits would require \$1.2 million per year. Equipment would include 18 laptops, with necessary software and network installations (\$18,500) along with travel expenses estimated at \$40,000. Education/advertising expenses for the training component will last for two years and is expected to cost \$194,850 in the first year and \$65,250 in the second year. Post-retirement expenses are expected to cost \$211,100 annually based on personnel costs according to the agency’s approved cost allocation plan. Though the legislation does not take effect until the middle of FY 12, it is expected that the program will essentially require a full year of funding in order for the staff to be properly prepared and to provide training to employers on the employee verification systems before the 1/1/12 effective date. Estimated general fund revenue required to implement this legislation is \$1.7 million in FY 12, \$1.6 million in FY 13, and \$1.5 million in each of FY 14-FY 16.

A wide range of implementation/enforcement levels or efforts could be employed to carry out the requirements of this bill. Thus, administrative costs could vary widely around the effort proposed by LWC, with varying degrees of effectiveness. However, the requirements of the bill would seem to call for a material effort and associated costs. There is no anticipated direct material effect on governmental expenditures related to the requirement that all those entering into public contracts must verify employees through a federally permitted system. The Division of Administration indicates that this legislation (continued on page 2)

REVENUE EXPLANATION

The bill creates the Immigration Enforcement Trust Fund which holds the deposits of civil penalties for violations of the provision mandating that state and local agencies enforce federal immigration laws to the full extent. This bill allows that any legal resident of the state may sue a public entity in district court for violation of the enforcement mandate. Penalties may be \$500-\$5,000 per day, and court costs and attorneys fees may be awarded to the prevailing party. Civil fines less (continued on page 2)

Senate	Dual Referral Rules	House	
<input checked="" type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H}		<input checked="" type="checkbox"/> 6.8(F)1 >= \$500,000 Annual Fiscal Cost {S}	<div></div> <div>H. Gordon Monk</div> <div>Legislative Fiscal Officer</div>
		<input checked="" type="checkbox"/> 6.8(F)2 >= \$100,000 Annual SGF Cost {H&S}	
<input type="checkbox"/> 13.5.2 >= \$500,000 Annual Tax or Fee Change {S&H}		<input type="checkbox"/> 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}	



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CONTINUED EXPLANATION from page one:

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Summary (continued)

utilize a federally permitted system of verification of employment or immigration status with mandatory cancelation of the contract upon violation of these provisions. The Workforce Commission will provide verification system training and technical advice for two years as well as investigate complaints and present findings to the appropriate authorities. All state and local enforcement agencies are mandated to uphold federal immigration laws to the fullest extent possible. Proposed law creates the Immigration Enforcement Fund which holds certain civil fines to be paid out for local enforcement efforts. Proposed law also outlines the necessary documentation to prove lawful presence in the U.S. and mandates that a sworn affidavit be signed stating that the documents are true. The bill also stipulates that any person has the right to bring suit for certain violations, and the court may award court costs and reasonable attorney fees to any person, official or agency of this state or municipality that prevails.

Effective January 1, 2012.

Expenditure Explanation (continued)

could reduce the pool of candidates for public contracts, but dramatic effects are not expected. Unlawful employment of alien workers is already prohibited. Presumably, to comply with this legislation private employers seeking or participating in public contracts would have to have access to a computer with internet capabilities at each hiring location. Registration and unlimited use of the E-Verify system is free. However, all queries and registration must occur online.

Requiring Sworn Affidavits (\$8-\$10 million per year)

The proposed law requires state and local agencies administering any state, local, or federal public benefit to collect an affidavit attesting to the accuracy of submitted documentation for all applicants for public benefits that require U.S. citizenship for eligibility. Some public benefits do not require U.S. citizenship, such as unemployment benefits, which requires legal work status, or emergency medical care, which must be administered to anyone in need. Documents that demonstrate lawful presence in the United States are outlined, and at least one such document must be submitted by the applicant along with a sworn affidavit of the accuracy of the document. The collection and maintenance of the required document(s) and affidavit may require significant additional resources and changes in operating procedures for some agencies. For example, the Department of Child and Family Support and the Workforce Commission indicated that recent budgets are predicated upon emphasizing online and telephone filing of applications to reduce operating expenses. In some instances, 100% of claims are currently taken over the phone and internet. The documentation requirements of this bill would require changes in operating procedures and resources, possibly requiring the restoration of some staff and office locations. Extrapolating across all state and local public benefit agencies suggests the possibility of material costs in the aggregate.

Office of Family and Children Support Services and the Workforce Commission services indicate that requiring the notarized affidavit would require the restoration of staff and office locations at a cost of roughly \$8 million - \$10 million per year to implement these services for the approximately one million applications received annually. Across all state agencies, the mandatory filing of affidavits with applications could have significant impact to the state budget, potentially \$8 million to \$10 million or more. Any political subdivisions could also be responsible for additional expenditures related to providing notarized documents for each public benefit applicant. This component of the fiscal note cannot be estimated reasonably until clarifications are made within the bill.

Note: This bill implies in Part XI that certain documentation requirements will relate to any person applying for state, local or federal benefits but then further defines public benefits as those stipulated in 8 USC 1611, which is limited to benefits provided by a federal agency or appropriated through the federal government.

Revenue Explanation (continued)

awards are deposited into the fund and are used to provide support to municipal police departments and sheriff's offices to combat illegal immigration. In some instances, it appears that the agency that pays the civil fine may be the same agency that is awarded funds from the Immigration Enforcement Trust Fund. The Department of Public Safety contends that its agents are already upholding federal laws to the extent they are allowed, but there is some confusion concerning the level of certification expected by this bill for state and local officers to enforce all federal immigration laws as permitted. To the extent the civil penalties are collected and placed in the fund, revenue will increase which could offset some mandatory expenditures. However, this revenue is generated from other state or local agencies so may only serve as a pass-through. The level of noncompliance cannot be anticipated with the confidence necessary to budget these funds. According to the Workforce Commission, it is also possible that some revenue may be generated from civil penalties paid under new crimes created by this bill, but the level of noncompliance cannot be anticipated with the confidence necessary to budget the funds.

**The table reflects a state general fund impact which could be significant based on discussions with the largest administrators of public benefits. This estimate is anticipated as a minimum impact and could be larger once all information is consolidated. There are several components of the bill that must be clarified and require additional review before a reasonable total impact can be determined.**

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<input type="checkbox"/> 13.5.2 >= \$500,000 Annual Tax or Fee Change {S&H}		<input type="checkbox"/> 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}	