

Fiscal Estimate - 2007 Session

Original
 Updated
 Corrected
 Supplemental

LRB Number 07-1033/6	Introduction Number AB-0712
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Description
 This bill prohibits companies who employ illegal aliens from receiving government contracts and other tax exemptions.

Fiscal Effect

State:

- No State Fiscal Effect
- Indeterminate
 - Increase Existing Appropriations
 - Decrease Existing Appropriations
 - Create New Appropriations
- Increase Existing Revenues
- Decrease Existing Revenues
- Increase Costs - May be possible to absorb within agency's budget
 - Yes No
- Decrease Costs

Local:

- No Local Government Costs
- Indeterminate
- 1. Increase Costs
 - Permissive Mandatory
- 2. Decrease Costs
 - Permissive Mandatory
- 3. Increase Revenue
 - Permissive Mandatory
- 4. Decrease Revenue
 - Permissive Mandatory
- 5. Types of Local Government Units Affected
 - Towns Village Cities
 - Counties Others
 - School Districts WTCS Districts

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	

Agency/Prepared By	Authorized Signature	Date
COMM/ Tarna Gahan-Hunter (608) 267-9382	Louie Cornelius (608) 266-8629	2/7/2008

Fiscal Estimate Narratives
COMM 2/7/2008

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Description This bill prohibits companies who employ illegal aliens from receiving government contracts and other tax exemptions.					

Assumptions Used in Arriving at Fiscal Estimate

2007 AB 712

Under this bill, any company which has hired illegal aliens is, for a period of two 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 \$5,000 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 2.0 FTE community service specialists. 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 for each position will be needed for the employee's workspace.

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

2 FTE Staff Costs: \$114,600

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.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2007 Session

Detailed Estimate of Annual Fiscal Effect

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Description This bill prohibits companies who employ illegal aliens from receiving government contracts and other tax exemptions.			
I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect): \$9,000			
II. Annualized Costs:		Annualized Fiscal Impact on funds from:	
		Increased Costs	Decreased Costs
A. State Costs by Category			
State Operations - Salaries and Fringes	\$97,600		\$
(FTE Position Changes)	(2.0 FTE)		
State Operations - Other Costs	8,000		
Local Assistance			
Aids to Individuals or Organizations			
TOTAL State Costs by Category	\$105,600		\$
B. State Costs by Source of Funds			
GPR	105,600		
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			
	State		Local
NET CHANGE IN COSTS	\$105,600		\$
NET CHANGE IN REVENUE	\$		\$
Agency/Prepared By		Authorized Signature	Date
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