



## Fiscal Estimate Narratives

COMM 2/7/2008

|   |                            |                        |
|---|----------------------------|------------------------|
| LRB Number 07-3467/3  | Introduction Number SB-404 | Estimate Type Original |
| <b>Description</b><br>Prohibiting contracts with companies that hire illegal aliens |                            |                        |

### Assumptions Used in Arriving at Fiscal Estimate

#### 2007 SB 404

Under this bill, any company which has hired illegal aliens 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; and 3) receive any grants or loans from a local government unit. The sanctions begin with the year the company hires an illegal alien. Any company that has hired an illegal alien is subject to a fine of \$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 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

Original     
  Updated     
  Corrected     
  Supplemental

|  |                  |  |                 |
|--|------------------|--|-----------------|
| <b>LRB Number</b> 07-3467/3  |                  | <b>Introduction Number</b> SB-404              |                 |
| <b>Description</b><br>Prohibiting contracts with companies that hire illegal aliens  |                  |  |                 |
| <b>I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):</b><br>\$9,000                     |                  |  |                 |
| <b>II. Annualized Costs:</b>   |                  | <b>Annualized Fiscal Impact on funds from:</b> |                 |
|  |                  | Increased Costs                                | Decreased Costs |
| <b>A. State Costs by Category</b>  |                  |  |                 |
| 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   |                  |  |                 |
| <b>TOTAL State Costs by Category</b>   | <b>\$105,600</b> |  | <b>\$</b>       |
| <b>B. State Costs by Source of Funds</b>   |                  |  |                 |
| GPR  | 105,600          |  |                 |
| FED  |                  |  |                 |
| PRO/PRS  |                  |  |                 |
| SEG/SEG-S  |                  |  |                 |
| <b>III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.)</b> |                  |  |                 |
|  | Increased Rev    |  | Decreased Rev   |
| GPR Taxes  | \$               |  | \$              |
| GPR Earned   |                  |  |                 |
| FED  |                  |  |                 |
| PRO/PRS  |                  |  |                 |
| SEG/SEG-S  |                  |  |                 |
| <b>TOTAL State Revenues</b>  | <b>\$</b>        |  | <b>\$</b>       |
| <b>NET ANNUALIZED FISCAL IMPACT</b>  |                  |  |                 |
|  | <u>State</u>     |  | <u>Local</u>    |
| NET CHANGE IN COSTS  | \$105,600        |  | \$              |
| NET CHANGE IN REVENUE  | \$               |  | \$              |
| <b>Agency/Prepared By</b>  |                  | <b>Authorized Signature</b>                    | <b>Date</b>     |
| COMM/ Tarna Gahan-Hunter (608) 267-9382  |                  | Louie Cornelius (608) 266-8629                 | 2/7/2008        |