

**TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE**



FISCAL NOTE

HB 1378 - SB 1669

March 11, 2011

SUMMARY OF BILL: Requires public and private employers to enroll in the federal E-verify program and verify the immigration status of all employees hired after October 1, 2011. Requires the Department of Labor and Workforce Development to establish an Office of Employment Verification Assistance to help employers without internet access to verify employees; authorizes the Department to hire no more than one person to staff the Office. Prohibits the employment of unauthorized aliens. The penalty for a first violation is a \$1,000 civil penalty and suspension of all applicable licenses for 30 days; for a second violation, a \$1,000 civil penalty and license suspension for one year; for a third violation, a \$1,000 civil penalty and permanent revocation of all licenses. Authorizes the Commissioner of the Department to issue a warning in lieu of penalties if the employer remedies the violation within 30 days or if a determination is made that the violation was unintentional. Requires the Department to investigate complaints regarding violations. Requires the Department to develop a random auditing program to investigate employers. Requires the Department to list publicly on its website, a list of employers in violation. Requires proof of E-verify enrollment prior to any private employer receiving economic development incentives. Creates the Lawful Employment Enforcement Fund, to which all penalties collected pursuant to this bill will be deposited, and from which funds will be used to administer the provisions of this bill.

ESTIMATED FISCAL IMPACT:

Increase State Revenue – \$5,000/Recurring/Lawful Employment Enforcement Fund

Increase State Expenditures – \$30,700/One-Time/General Fund

\$287,100/Recurring/General Fund

\$5,000//Recurring/Lawful Employment Enforcement Fund

Assumptions:

- The Commissioner is authorized to issue warnings in lieu of penalties if the violation was unintentional or the violation is remedied within 30 days. Most employers will remedy violations to prevent the paying of civil penalties and the suspension or revocation of licenses. An average of five civil penalties of \$1,000 for a total increase in recurring state revenue of \$5,000.
- According to the Department of Revenue, any impact on economic development incentives will be not significant; employers will not risk the loss of funds.
- E-verify is free of charge to employers.

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- Any increase in expenditures for state or local government to verify new employees hired after October 1, 2011, will be not significant.
- One staff member, as authorized by the bill, to run the Office of Employment Verification Assistance will increase recurring state expenditures by \$53,599 (\$32,910 salary + \$14,429 benefits + \$6,260 supplies, operational). One-time state expenditures for this position will be \$6,000 (office supplies, computer, software, and equipment).
- The Department of Labor and Workforce Development will hire three inspectors to carry out the investigations. Total recurring state expenditures for the inspectors will be \$175,000 (\$102,850 salaries + \$39,980 benefits + \$32,170 travel, supplies, operational). One-time expenditures for these positions will be \$18,510 (office supplies, computer, software, and equipment).
- Recurring state expenditures for the supervising inspector will be \$63,503 (\$38,500 salary + \$14,278 benefits + \$10,725 travel, supplies, operational). One-time expenditures for this position will be \$6,170 (office supplies, computer, software, and equipment).
- Total one-time expenditures will be \$30,680 (\$6,000 + \$18,510 + \$6,170).
- Total recurring expenditures will be \$292,102 (\$53,599 + \$175,000 + \$63,503); any available amount will be paid from the Lawful Employment Enforcement Fund, the remaining amount will be paid for from the General Fund.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



James W. White, Executive Director

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