

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 1660-02  
Bill No.: SB 348  
Subject: Education, Higher; Employer - Employee; Employment Security; Housing; Public Assistance; Revenue Department; Taxation and Revenue; Workers Compensation  
Type: Original  
Date: March 13, 2007

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Bill Summary: This proposal enacts various provisions affecting illegal aliens.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
General Revenue	(\$689,765 to Unknown)	(\$415,618 to Unknown)	(\$428,087 to Unknown)
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>(\$689,765 to Unknown)</b>	<b>(\$415,618 to Unknown)</b>	<b>(\$428,087 to Unknown)</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Numbers within parentheses: ( ) indicate costs or losses.  
This fiscal note contains 10 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2008</b>	<b>FY 2009</b>	<b>FY 2010</b>
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b>			
<b>FUND AFFECTED</b>	<b>FY 2008</b>	<b>FY 2009</b>	<b>FY 2010</b>
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</b>

- Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).
- Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2008</b>	<b>FY 2009</b>	<b>FY 2010</b>
<b>Local Government</b>	<b>(Unknown)</b>	<b>(Unknown)</b>	<b>(Unknown)</b>

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## FISCAL ANALYSIS

### ASSUMPTION

Officials from the **Office of the Secretary of State - Business Services (SOS)** state it is unknown how many complaints would be filed since the bill is unclear; therefore, it is not possible to accurately estimate the fiscal impact. At a minimum, the SOS would need six FTE to include: a division director (at \$79,248 annually), an immigration attorney (at \$65,000 annually), an administrative assistant (at \$29,388 annually), one trainer/educator (at \$39,324 annually) and two Technician IIIs (each at \$28,368 annually).

It is also assumed there will need to be modifications to the existing Knowledge Base computer system for business registrations to allow for a registration "suspension" and the development of a new system to manage the enforcement of this legislation.

Officials from the **Office of the Secretary of State - Administrative Rules** note many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The Secretary of State's office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to Secretary of State's office for Administrative Rules is less than \$2,500. The Secretary of State's office recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, we also recognize that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what our office can sustain with our core budget. Therefore, we reserve the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

Officials from the **Department of Social Services - Divisions of Medical Services, Family Services and Children's Division, Department of Insurance, Financial Institutions and Professional Registration, Department of Public Safety - Capitol Police, Alcohol and Tobacco Control, Highway Patrol, Department of Labor and Industrial Relations, Department of Revenue, Department of Economic Development, and the Office of Administration - Division of Purchasing and Materials Management** each assume the proposal would not fiscally impact their respective agencies.

Officials from the **Office of State Courts Administrator** assume the proposal would not fiscally impact the courts.

ASSUMPTION (continued)

Officials from the **Department of Social Services - Legal Services** state that an assumption is made that this is already required and is being done by the department. There would be no fiscal impact from this legislation.

Officials from the **Department of Social Services - Human Resources Center** state in October 2006, DOSS began using the Basic Pilot Program to verify an employee's work authorization status as a condition of employment. As DOS is currently doing this and there is no charge for this program, no cost is anticipated from a human resource prospective.

Officials from the **Office of the Attorney General (AGO)** assume there would be some costs in implementing the provisions of Section 28.812.5, which requires all state agencies to implement the federal Basic Pilot program. While the AGO does not know the cost of implementing this program, the AGO assumes that any costs would be less than \$100,000.

Officials from the **Department of Health and Senior Services (DOHSS)** responded:

Division of Regulation and Licensure Response

Before a business entity such as a long-term care facility, hospital, ambulatory surgical center, etc is licensed by the Section for Long Term Care Regulation or the Section for Health Standards and Licensure, a check is performed to ensure the facility has the appropriate license/registration with the Secretary of State's office and the applicable county or other local governments. At this time, we are assuming the number of businesses that would fail to comply with the illegal alien related requirements would be minimal and would not have a significant impact on the issuance of licenses to facilities regulated by the Division of Regulation and Licensure (DRL). If in the future, it is determined that the new requirements have impacted the processes by which DRL licenses these entities and has led to additional work responsibilities, staff will be requested through the appropriation process.

Division of Senior and Disability Services (DSDS)

The Medicaid program requires documentation of citizenship or legal status within the United States. DSDS assumes that the Family Support Division documents this status at the time of application for Medicaid benefits. As a result, DSDS assumes no effect on Medicaid programs operated by the division. Additionally, non-Medicaid home and community-based programs within the Division are currently frozen (i.e. the division is not accepting new applicants). Individuals currently classified as "dual authorized" must be Medicaid eligible, and would as a result be subject to the same requirement noted above. All consumers within the Non-Medicaid Eligible (NME) program are required to apply for Medicaid and be rejected. To date, none have been rejected due to issues relating to their citizen or legal status within the United States.

ASSUMPTION (continued)

This leaves approximately 1,000 clients receiving services through the division's "state-only" program, which has been frozen for several years. These clients, mostly in their eighties, do not qualify for Medicaid, generally due to assets or income in excess of Medicaid requirements, but do meet level of care requirements for nursing home placement. There are no rules that require verification of legal status within the United States prior to receiving services. The division assumes that few if any of these clients are illegal aliens, though it is technically possible. The average client in this program receives services that total \$300/month, or \$3,600/year. Therefore, total savings as a result of this language for the program would be unknown, but less than \$100,000.

The Division also assumes that adult protective service cases will qualify as "emergency assistance" as listed in section 208.009.1 of this bill, and as such will not be affected by any changes made through this legislation.

In summary, the DOHSS assumes an unknown cost to the General Revenue Fund of under \$100,000 as well as an unknown cost to long term care facilities or hospitals run by local political subdivisions.

Officials from the **Department of Higher Education (DHE)** assume the fiscal impact of this legislation is unknown. Outlined in the bill is the provision that DHE shall enroll and participate in a program of electronic verification of work authorization regarding illegal immigrants but costs associated with this procedure, if any, are unknown. DHE will be responsible for verifying employment eligibility for those employed once the verification program is utilized. Also, the DHE will be responsible for ensuring that illegal aliens are not eligible for admission to any community college.

The impact on the colleges and universities is unknown. In an effort to prohibit illegal aliens from gaining entry into higher education institutions, this proposal could result in institutions implementing new monitoring and admissions requirements. The costs of any such new procedures are unknown.

Officials from the **University of Missouri - Academic Affairs (UM)** state the UM would incur - at a minimum - the following costs annually as a result of the passage of the bill:

UMC - new employees (3) - 2 @ \$20,000 plus benefits = \$51,600  
1 @ \$18,000 plus benefits = \$23,220

ASSUMPTION (continued)

UMKC new employees (3) - 2 @ \$20,000 plus benefits = \$51,600  
1 @ \$18,000 plus benefits = \$23,200

UMR new employees (3) - 2 @ \$20,000 plus benefits = \$51,600  
1 @ \$18,000 plus benefits = \$23,220

UMSL new employees (3) - 2 @ \$20,000 plus benefits = \$51,600  
1 @ \$18,000 plus benefits = \$23,220

Total minimum costs -  $\$74,820 \times 4 = \$299,280$ .

Officials from **University of Central Missouri, Lincoln University, Linn State Technical College** and **Metropolitan Community College** all assume the proposal would not fiscally impact their respective schools.

Officials from the **City of Kansas City** assume there would be some costs from the proposal, but it is undetermined because it is not clear at this point how extensive or complicated the investigations with the federal government over a person's status may be.

Officials from the city of **Poplar Bluff** state the proposal could initially cost their city about \$10,000 to verify the status of all the existing employees. As an ongoing program, it could require the addition of a part-time position in our personnel office to make those background checks. That could cost the city in the neighborhood of \$12,000 to \$15,000 per year.

Officials from the city of **West Plains** assume their city would incur some significant impact in administering the requirements if passed. The amounts would be unknown.

Officials from the **City of Centralia** state the initial enrollment of the program would be roughly \$500 to \$1,000 and then \$300 per year thereafter for verification.

Officials from the **Office of Administration - Personnel Division** did not respond to our request for fiscal impact.

In response to a similar proposal from this year that required all law enforcement officers to inquire into the citizenship and immigration status of any person detained for a violation of any state law or municipal ordinance (HB 851), local law enforcement agencies had the following responses:

ASSUMPTION (continued)

Officials from the **Boone County Sheriff's Office** stated costs will be incurred at the hourly pay rate of each officer who identifies an illegal alien and then must perform additional duties related to that status. Considering the estimated numbers of illegal aliens this could be quite costly; however without prior history to compare it with, I have no figures to offer. Since there is no language indicating a funding mechanism for this additional task, the Boone County Sheriff's Office assume the cost would be borne by their agency.

Officials from the **Springfield Police Department** assumed they would incur costs from staff time to inquire with Federal authorities on each case where citizenship is in question. Federal authorities are not equipped to give immediate response so extra time for detention is required. The estimated annual cost is \$30,000.

Officials from the **Independence Police Department** assumed this proposal would have a significant fiscal impact on local law enforcement regarding the detainment and housing of illegal aliens. Unless there is some commitment from Immigration and Naturalization, we may be in a situation where we must house these illegal aliens for several days resulting in significant costs to the agencies.

<u>FISCAL IMPACT - State Government</u>	FY 2008 (10 Mo.)	FY 2009	FY 2010
<b>GENERAL REVENUE FUND</b>			
<u>Costs - Office of the Secretary of State</u>			
Personal Service	(\$231,489)	(\$286,120)	(\$294,704)
Fringe Benefits	(\$104,772)	(\$129,498)	(\$133,383)
Expense and Equipment	(\$53,504)	\$0	\$0
Notices to business (including postage)	(Unknown)	(Unknown)	(Unknown)
Computer Programming	<u>(\$300,000)</u>	<u>\$0</u>	<u>\$0</u>
<u>Total Costs - SOS</u>	More than (\$689,765)	More than (\$415,618)	More than (\$428,087)
FTE Change - SOS	6 FTE	6 FTE	6 FTE
<u>Costs - to various state agencies</u>			
To participate in the Pilot Program	<u>\$0 to (Unknown)</u>	<u>\$0 to (Unknown)</u>	<u>\$0 to (Unknown)</u>
<b>ESTIMATED NET EFFECT TO THE GENERAL REVENUE FUND</b>	<b>(\$689,765 to <u>Unknown</u>)</b>	<b>(\$415,618 to <u>Unknown</u>)</b>	<b>(\$428,087 to <u>Unknown</u>)</b>

<u>FISCAL IMPACT - Local Government</u>	FY 2008 (10 Mo.)	FY 2009	FY 2010
<b>LOCAL POLITICAL SUBDIVISIONS</b>			
<u>Costs</u> - of questioning, detaining and housing of persons who's citizenship is in question (Section 28.824)	(Unknown)	(Unknown)	(Unknown)
<u>Costs</u> - to implement the Pilot Program (Section 28.812.5)	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
<b>ESTIMATED NET EFFECT TO LOCAL POLITICAL SUBDIVISIONS</b>	<b><u>(UNKNOWN)</u></b>	<b><u>(UNKNOWN)</u></b>	<b><u>(UNKNOWN)</u></b>

FISCAL IMPACT - Small Business

Small businesses that are registered with the Secretary of State must participate in the Pilot Program.

FISCAL DESCRIPTION

This act creates the Missouri Omnibus Immigration Act.

The Division of Immigration Compliance is created inside the office of the Secretary of State to implement new provisions in the law that deny housing and employment to illegal aliens.

It is illegal to employ unauthorized aliens and the act mandates that every employer in the state participate in the federal Basic Pilot Program in order to verify an employee's work authorization status as a condition of employment. Certificates of incorporation and other business licenses and registrations will be suspended when an employer employs unauthorized aliens. Steps for curing violations are enumerated.

It is also illegal, under the act, to rent any dwelling to an illegal alien. Rental licenses and occupancy permits will be denied or suspended for those who knowingly or recklessly rent to illegal aliens and steps for curing violations are enumerated. A process is created whereby the landlord may, through the Division of Immigration Enforcement, verify the immigration status of any individual.



FISCAL DESCRIPTION (continued)

Law enforcement officers must inquire into the immigration status of any individual detained for any violation unless the inquiry would significantly extend the duration of the detention. If the individual is found to be illegal, the officer shall cooperate with any request from federal authorities regarding detention and custody transfer.

The state shall enter into cooperative agreements with the federal government to designate state law enforcement officers to help enforce federal immigration law.

Illegal aliens are barred from attending all public universities in the state and shall not receive any type of public assistance or benefit.

The act also authorizes cities, villages, and towns to enact ordinances prohibiting the employment of unauthorized aliens or unlawful workers and may deny business licenses to employers who employ unlawful workers.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Public Safety  
Office of the Secretary of State  
Department of Labor and Industrial Relations  
Department of Revenue  
Office of Administration  
Office of the State Courts Administrator  
Department of Higher Education  
Department of Health and Senior Services  
Department of Social Services  
Department of Insurance, Financial Institutions and Professional Registration  
Department of Economic Development  
Office of the Attorney General  
University of Missouri  
University of Central Missouri  
Lincoln University  
Linn State Technical College  
Metropolitan Community College  
City of Kansas City

SOURCES OF INFORMATION (continued)

City of Poplar Bluff  
City of West Plains  
City of Centralia  
Boone County Sheriff's Office  
Springfield Police Department  
Independence Police Department

**NOT RESPONDING: Office of Administration - Personnel Department**



Mickey Wilson, CPA  
Director  
March 13, 2007