

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 1660-05  
Bill No.: SCS for SBs 348, 626 & 461  
Subject: Education, Higher; Employer - Employee; Employment Security; Housing; Public Assistance; Revenue Department; Taxation and Revenue; Workers Compensation  
Type: Original  
Date: April 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	\$0	\$0	\$0
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</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 **Department of Revenue (DOR)** state their Taxation section does not anticipate the legislation to create an impact at this time. Effective October 2006, DOR, along with other executive agencies, began using the Systematic Alien Verification for Entitlements (SAVE) Program administered by the U.S. Citizenship and Immigration Services (USCIS) under the Department of Homeland Security. This program allows employers to enter the information collected through the I-9 processing into an automated online system and verify the employment authorization of all newly hired employees.

Currently there is no cost associated with participation in the SAVE program and information is in most cases quickly verified. No additional FTEs would be required in HRSD.

Officials from the **Department of Public Safety – Missouri State Highway Patrol (MSHP)** state the Training Division does not have any qualified instructors to teach federal immigration laws. MSHP assumes they would host the training and provide classroom space, as well as lodging and meals. MSHP estimates the cost to be \$55 per day. The proposed legislation does not specify the amount of training that would be required or who would provide the training. Therefore, it is not possible to determine the actual fiscal impact. MSHP assumes an unknown cost per fiscal year.

**Oversight** assumes the Missouri State Highway Patrol would incur no fiscal impact because the US Department of Homeland Security and/or the US Department of State would reimburse the costs that the state and political subdivisions incur during the training.

In response to a similar proposal from this year (SB 461), officials from the **Springfield Police Department** assumed they would incur costs associated with the loss of services of employees who are required to acquire training per the proposal. Officials estimate the costs to be \$25,000 in overtime that will be required to replace those in training.

**Oversight** assumes the US Department of Homeland Security and/or the US Department of State would reimburse the costs that the state and political subdivisions incur during the training. Therefore, Oversight assumes no cost to local law enforcement agencies.

Officials from the **Office of the Attorney General (AGO)** assumes there will be some costs in implementing the provisions of Section 28.812 which requires all state agencies to implement the federal Basic Pilot program. While the AGO does not know the cost of implementing this

ASSUMPTION (continued)

program, AGO assumes that any cost would be less than \$100,000.

The AGO also assumes that portions of this proposal could be challenged in court. To the extent there is litigation that ensues, the AGO assumes that costs are unknown but would be less than \$100,000 unless multiple lawsuits are brought.

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 Insurance, Financial Institutions and Professional Registration, Department of Economic Development, Department of Labor and Industrial Relations** and the **Department of Public Safety - Director's Office** 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.

Officials from the **Department of Social Services (DOS)** state there is no fiscal impact to their agency. DOS already uses the Basic Pilot Program to verify a worker's legal status. DOS believes the requirement in Section 143.992 for an employer to submit certain information to the Department of Revenue about their employees along with their quarterly withholding taxes would be handled by the Office of Administration.

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

ASSUMPTION (continued)

application for Medicaid benefits. As a result, DSIDS 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.

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 savings 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. The bill would require the DHE to use the federal government's pilot program for verification of work eligibility. This would likely require the expenditure of funds for training, technology, and utilization, but the exact amount of funds required is unknown at this time.

The bill will also have a fiscal impact on state public institutions of higher education. All such institutions would be prohibited from admitting illegal aliens, and each institution's registrar is required to certify that the institution has not knowingly admitted illegal aliens. While the bill puts the burden of providing proof of citizenship on individuals applying for public benefits, including student loans and postsecondary education, institutions would be required to have staff trained to evaluate the "proof" applicants provide.

ASSUMPTION (continued)

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

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 x 4 = \$299,280.

Officials from **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 Centralia** state they would incur a minor expense to check all employees for status as well as subsequent years to check summer employees.

In response to a previous version of this proposal, officials from the city of **Poplar Bluff** stated 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.

In response to a previous version of this proposal, officials from the city of **West Plains** assumed their city would incur some significant impact in administering the requirements if passed. The amounts would be unknown.

ASSUMPTION (continued)

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:

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.

Based upon the responses from the vast majority of state agencies responding, **Oversight** will assume state agencies will be able implement the Basic Pilot Project within current appropriation levels and have not reflected a cost at the state level.

<u>FISCAL IMPACT - State Government</u>	FY 2008 (10 Mo.)	FY 2009	FY 2010
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<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 28.812.3)	<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 must participate in the basic pilot program and provide documentation to the Department of Revenue on an annual basis.

FISCAL DESCRIPTION

This proposal creates the Missouri Omnibus Immigration Act.

Under the act 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. Employers must submit an affidavit to the Department of Revenue accompanying remittance of withholding taxes or annual income tax returns that affirms that the employer is enrolled in the Basic Pilot Program. The failure to timely file may trigger a tax audit. If the employer knowingly makes a material misrepresentation of fact with regard to the affidavit, the employer must add back business expense deductions taken to determine federal adjusted gross income in order to determine Missouri adjusted gross income for wages paid to employees and independent contractors whose employment eligibility was not verified under the Basic Pilot Program.



FISCAL DESCRIPTION (continued)

Law enforcement officers must inquire into the immigration status of any individual detained in a jail facility for a violation of state law. 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.

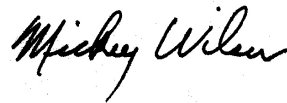
SOURCES OF INFORMATION

Department of Public Safety  
Office of the Secretary of State  
Department of Labor and Industrial Relations  
Department of Revenue  
Office of 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  
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  
April 13, 2007