

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 1527-01  
Bill No.: SB 449  
Subject: Federal - State Relations; Immigration  
Type: Original  
Date: March 30, 2015

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Bill Summary: This proposal prohibits employers from recruiting or referring an illegal alien for employment.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
General Revenue	(\$43,760) to Unknown	Unknown	Unknown
<b>Total Estimated Net Effect on General Revenue</b>	<b>(\$43,760) to Unknown</b>	<b>Unknown</b>	<b>Unknown</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
<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 7 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</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 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</b>

Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$100,000 in any of the three fiscal years after implementation of the act.

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

## FISCAL ANALYSIS

### ASSUMPTION

#### Section 285.530

Officials from the **Department of Revenue (DOR)** assume the proposed changes would prohibit a business entity or employer from knowingly hiring, employing, recruiting, or referring for a fee an unauthorized alien with respect to employment, or knowing that the employment authorization is based upon deferred action pursuant to the federal executive memorandums of June 15, 2012 and November 20, 2014.

#### Section 285.531.1 & 285.531.2

DOR assumes the proposed section prohibits wages or compensation for services paid to an unauthorized alien or an alien who received deferred action pursuant to the federal executive memorandums of June 15, 2012 and November 20, 2014, to be allowed as deductible expenses for any state income or business tax purpose.

#### Section 302.063.2

DOR also assumes the proposed language of this section prohibits issuance of a driver license or nondriver license to any illegal alien who received deferred action pursuant to the federal executive memorandums of June 15, 2012 and November 20, 2014.

#### Section 302.063.3

Finally, DOR assumes the proposed language requires that any alien who applies for new driver's license or to renew a driver's license shall be required to provide a valid passport issued by the applicant's country of origin in addition to any document issued by the federal government indicating the applicant's lawful immigration status.

#### Administrative Impact

To implement the provisions of Sections 302.063.2 and 302.063.3 the Driver's License Bureau must:

- Work with U.S. Customs and Immigration Services (USCIS) to define admissions codes applicable to those with deferred action under the federal executive memorandums of June 15, 2012 and November 20, 2014.

ASSUMPTION (continued)

- Complete business requirements defining changes to the Missouri Electronic Driver License (MEDL) and supporting applications to add additional admissions code edits for applicants presenting immigration documents.
- Complete business requirements defining changes to the MEDL system to incorporate the new requirement in Section 302.063.3 which requires presentation of a valid passport from the applicant's country of origin in addition to the federally issued immigration document as verification of lawful status.
- Review design documents submitted by OA-ITSD related to required system changes.
- Complete user acceptance testing of MEDL system changes.
- Develop new field office and internal processing procedures related to applicants granted deferred action and update any current procedures related to review of applicants presenting immigration documents as proof of lawful status.
- Modify office, internal document verification and review procedures for driver licenses to now require a valid passport issued from the applicants country of origin in addition to the federally issued immigration document.
- Modify website and printed materials related to applicant eligibility based on status and documents required for issuance of a driver license or nondriver license.

FY 2016

Update Web Forms - Administrative Analyst III	20 hrs @ \$23.00 = \$ 460
Update Forms - Management Analysis Spec I	40 hrs @ \$21.00 = \$ 840
Update Communications Management Analysis Spec I	20 hrs @ \$21.00 = \$ 420
	<b>Total = \$1,720</b>

Review all forms, communications, draft changes, define system changes required and complete user acceptance testing for driver license system changes.

Administrative Analyst II -	240 hrs @ \$29 00 (1 ½) per hr =	\$6,960
Management Analyst Spec. II -	260 hrs @ \$24.00 per hr =	\$6,240
Revenue Band Manager Band II -	40 hrs @ \$31.00 per hr =	<u>\$1,240</u>
		<b>Total = \$14,440</b>

ASSUMPTION (continued)

DOR will also require 368 hours of OA-ITSD hours at a cost of \$27,600 to make changes to the MEDL system and edit the collection of documentation that is not currently required.

In summary, DOR assumes a cost of \$43,760 (\$1,720 + \$14,440 + \$27,600) in FY 2016 to provide for the implementation of the changes in this proposal.

Officials from the **Office of Administration - Budget and Planning (BAP)** assume this proposal would prohibit using any compensation to an unauthorized alien as a business expense for state income tax or business tax purposes. If the amount of allowable deductions decreases, the amount of reportable income will increase, thereby increasing the amount of taxes owed. Total State Revenue could increase by this unknown amount.

These provisions may also impact the calculation under Article X, Section 18(e).

Since the amount of reportable income is Unknown, for fiscal note purposes, **Oversight** will range the estimated net effect to the General Revenue Fund from (\$43,760) to a positive Unknown in FY 2016 and Unknown in FY 2017 and 2018.

Officials from the **Department of Labor and Industrial Relations**, the **Missouri Department of Conservation**, the **Office of Administration - Division of Personnel** and the **City of Kansas City** each assume the proposal will have no fiscal impact on their respective organizations.

Officials from the **Department of Transportation** did no respond to our request for fiscal impact.

<u>FISCAL IMPACT - State Government</u>	FY 2016 (10 Mo.)	FY 2017	FY 2018
<b>GENERAL REVENUE</b>			
<u>Savings</u> - BAP Increase in reportable income	Unknown	Unknown	Unknown
<u>Cost</u> - DOR Administrative Changes	(\$43,760)	\$0	\$0
<b>ESTIMATED NET EFFECT TO THE GENERAL REVENUE FUND</b>	<b><u>(\$43,760) to Unknown</u></b>	<b><u>Unknown</u></b>	<b><u>Unknown</u></b>

<u>FISCAL IMPACT - Local Government</u>	FY 2016 (10 Mo.)	FY 2017	FY 2018
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

This proposal may prevent small businesses in Missouri from hiring aliens whose employment is authorized based on presidential deferred action.

FISCAL DESCRIPTION

Current law states that no business entity or employer shall knowingly, employ, hire for employment, or continue to employ an unauthorized alien to perform work within the state of Missouri. This act adds to such restrictions by prohibiting any business entity or employer from recruiting an alien for employment, or referring an alien for a fee. Further, the act prohibits employing, hiring for employment, continuing to employ, recruit for employment, or refer for a fee, an alien knowing that the alien's employment authorization is based upon deferred action pursuant to federal executive order.

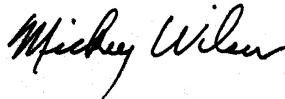
The act prohibits wages, compensation, or any kind of remuneration for the performance of services paid to an unauthorized alien, or alien who received deferred action pursuant to federal executive order, from being a deductible business expense for state income or business tax purposes.

Currently, the Department of Revenue is prohibited from issuing a driver's license to an illegal alien or any person who cannot prove lawful residence. This act adds to such restrictions by prohibiting the Department of Revenue from issuing a driver's license or non-driver's license to any illegal alien who has received deferred action pursuant to federal executive order. The act further requires that any alien who applies for a new driver's license or for renewal shall be required to provide, in addition to documents and information required under current law, a valid passport and a document issued by the federal government which establishes such person's lawful immigration status.

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 Labor and Industrial Relations  
Department of Revenue  
Office of Administration  
    Division of Budget and Planning  
    Division of Personnel  
Missouri Department of Conservation



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