



REVISIED FISCAL IMPACT

(replaces fiscal impact dated July 6, 2006)

Drafting Number: LLS 06B-2073
Prime Sponsor(s): Rep. Solano
 Sen. Bacon

Date: July 7, 2006
Bill Status: Senate 2nd Reading
Fiscal Analyst: David Porter (303-866-4375)

TITLE: CONCERNING DOCUMENTATION BY AN EMPLOYER THAT DEMONSTRATES COMPLIANCE WITH FEDERAL EMPLOYMENT VERIFICATION REQUIREMENTS, AND MAKING AN APPROPRIATION IN CONNECTION THEREWITH.

Fiscal Impact Summary	FY 2006/07	FY 2007/08
State Revenues		
Cash Funds - Employment Verification Cash Fund	Potential Increase	
State Expenditures*		
Cash Funds - Employment Support Cash Fund**	\$ 0	\$ 29,143
Cash Funds Exempt - Transfer to Law	0.0	3,223
FTE Position Change	0.0 FTE	0.3 FTE
Effective Date: This act shall take effect upon passage and shall apply to employees hired on or after January 1, 2007.		
Appropriation Summary for FY 2006/07: No appropriations are necessary until FY 2007/08.		
Local Government Impact: None.		

* FY 2007-08 costs have been prorated to reflect the May 11, 2008 date set by 49 U.S.C. Sec. 30301 et seq.
 ** This amount includes a transfer to the Department of Law.

This revised fiscal note incorporates the amendments from the House Business Affairs and Labor Committee.

Summary of Legislation

This bill requires Colorado employers to attest to the following:

- the legal status of employees have been checked;
- copies of documents required by the I-9 employment eligibility verification form are being retained;
- no employee identification documents have been altered or falsified; and
- the employer has not knowingly hired an unauthorized alien.

The Division of Labor (DOL) within the Department of Labor and Employment is authorized to conduct random audits on employers to verify compliance. Additionally, documentation may be requested upon receipt of a credible complaint. Fines are established for failure to submit

information or for submission of false information. **Fine revenue is placed in the newly created Employment Verification Cash Fund.**

State Revenues

Fines for failure to submit documentation or for falsifying documentation are up to **\$5,000** for the first offense and up to **\$25,000** for subsequent offenses. Fine revenue is deposited into the **Employment Verification Cash Fund**. Because fine amounts are discretionary, the impact to state revenue cannot be determined. However, a minimal amount of fine revenue (< \$5,000 per year) is assumed under the bill.

State Expenditures

This bill is expected to create state expenditures of \$113,670 and 2.0 FTE in FY 2006-07 and \$202,864 and 4.0 FTE in FY 2007-08 from the Employment Support Cash Fund. **As fine revenues are collected, they also become available to cover expenditures.** All costs occur within the DOL and are associated with the following:

- legal consultation to assist in the promulgation of new rules and to provide program legal support (50 hours in the first year only at \$64.45 per hour - transferred to the Department of Law);
- compliance officers to investigate an estimated 2,800 complaints annually; and
- auditors to perform random audits on 1% of employers annually.

Cost components under this bill are shown in Table 1:

Table 1 - Total Costs			
Cost Components	FY 2006-07	FY 2007-08	FY 2008-09*
Personal Services	\$ 0	\$ 16,405	\$ 196,864
<i>FTE</i>	<i>0.0</i>	<i>0.3</i>	<i>4.0</i>
Capital, Operating, and Travel	0	9,515	6,000
Legal Services (Department of Law)	0	3,223	0
General Fund Total		\$ 29,143	\$202,864
FTE		0.3	4.0

* FY 2008-09 is included for informational purposes.

With the bill's provisions effective January 1, 2007, the first year of costs are one-half of the total annual costs.

State Appropriations

This fiscal note implies that no appropriations are necessary until FY 2007-08.

Departments Contacted

All Departments