



*Colorado Legislative Council Staff*  
**STATE and LOCAL  
 FISCAL IMPACT**

**Drafting Number:** LLS 06B-2037

**Date:** July 6, 2006

**Prime Sponsor(s):** Rep. Crane

**Bill Status:** House Business Affairs and Labor

**Fiscal Analyst:** Jason Schrock (303-866-4720)

**TITLE:** CONCERNING A REQUIREMENT THAT GOVERNMENTAL ENTITIES ISSUE AUTHORIZATIONS ONLY TO PERSONS WHO ARE LAWFULLY PRESENT IN THE UNITED STATES.

<b>Fiscal Impact Summary</b>	<b>FY 2006/07</b>	<b>FY 2007/08</b>
<b>State Revenues</b>		
Cash Funds - Various Licensing Cash Funds	Potential Decrease	Potential Decrease
<b>State Expenditures</b>		
Cash Funds - Various Licensing Cash Funds	\$24,800	
<b>FTE Position Change</b>	0.0 FTE	0.0 FTE
<b>Effective Date:</b> The bill becomes effective September 1, 2006.		
<b>Appropriation Summary for FY 2006/07:</b> Various Licensing Cash Funds -- \$24,800 CF		
<b>Local Government Impact:</b> Potential minimal increase in expenditures and decrease in revenue.		

**Summary of Legislation**

This bill requires the Department of Regulatory Agencies (DORA) and local governments to issue and renew licenses, permits, registrations, and other authorizations to conduct business in the state to only individuals lawfully present in the United States. It further requires these entities to revoke the authorizations to conduct business of any individuals upon determination that they are unlawfully present in the United States.

The bill requires that individuals applying for an authorization to conduct business prove their identity with a "secure and verifiable document." A secure and verifiable document is defined in state law as a document issued by a state or federal jurisdiction or recognized by the United States government and that is verifiable by federal or state law enforcement, intelligence, or homeland security agencies.

## **Background**

Federal law currently prohibits individuals unlawfully present in the United States from being eligible for business licenses issued by any state or local government. This bill would place this prohibition in state law and further specify which types of authorizations to conduct business are prohibited to unlawful residents. It also adds the requirement that individuals prove their identity with a secure and verifiable document.

DORA currently issues licenses for only the professions it has regulatory authority over, such as accountants, barbers, cosmetologists, electricians, engineers, dentists, insurers, land surveyors, physical therapists, plumbers, and veterinarians. State law currently requires every applicant for a license issued by DORA to provide a name, address, and social security number. However, there is no requirement that DORA verify an applicant's social security number.

Local governments also issue authorizations to conduct business in their jurisdictions, such as development or building permits, and licenses for certain occupations, flea markets, liquor establishments, massage parlors, mercantile establishments, pawn shops, trash service businesses, and for sales tax purposes.

## **State Revenues**

This bill requires that DORA issue and renew licenses, permits, registrations, and other authorizations to conduct business in the state to only individuals lawfully present in the United States. Applicants pay license fees to various licensing-related cash funds within DORA when applying for or renewing their licenses. Therefore, to the extent that applicants are denied licenses or renewals because of being an unlawful resident, license fees collected by DORA will be reduced. Since it is not known how many unlawful residents will have their licenses revoked or denied, the potential revenue reduction is unknown.

## **State Expenditures**

DORA will have a one-time cost of \$24,800 in computer programming costs to modify its licensing systems to accommodate residency status information. It is assumed that the bill does not require DORA to verify the validity of secure and verifiable documentation of applicants, nor check all of the over 600,000 individuals currently licensed by the department to assess whether they are unlawful residents. This fiscal note assumes that the bill only requires DORA personnel to make a good faith effort to ensure an applicant has secure and verifiable documentation. Further, it assumes the bill only applies to future applicants and upon determination that existing licensees are unlawful residents. The department's cost would be significantly more if it were required to verify documentation and check whether all existing licensees were unlawful residents.

The Department of Local Affairs may be required to provide additional technical assistance to local governments to assist in the implementation of the bill. However, the department indicates that any assistance can be performed within existing resources.

### **Local Government Impact**

The bill requires applicants to provide a secure and verifiable document when applying for an authorization to conduct business within a local jurisdiction. It is assumed that these jurisdictions must only make a good faith effort to ensure an applicant has a secure and verifiable document. Thus, the bill's impact on expenditures for local governments is minimal. However, implementation costs would increase if local governments were required to develop more thorough procedures to determine the legal status of applicants. The impact on revenue from fees paid by applicants for authorizations to conduct business is unknown because it is not known how many unlawful residents would be denied authorizations. However, any revenue reduction is expected to be minimal.

### **State Appropriations**

DORA will require an appropriation of \$24,800 in FY 2006-07 from various licensing cash funds to implement the provisions of this bill.

### **Departments Contacted**

Local Affairs

Regulatory Agencies