



Colorado  
Legislative  
Council  
Staff

HB16-1114

**FISCAL NOTE**

**FISCAL IMPACT:**  State  Local  Statutory Public Entity  Conditional  No Fiscal Impact

**Drafting Number:** LLS 16-0360

**Date:** January 28, 2016

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

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

Sen. Ulibarri

**Fiscal Analyst:** Kerry White (303-866-3469)

**BILL TOPIC:** REPEAL DUPLICATE REPORTING REQUIREMENTS

Fiscal Impact Summary	FY 2016-2017	FY 2017-2018
<b>State Revenue</b>	<b><u>(\$32,900)</u></b>	<b><u>(\$39,500)</u></b>
Cash Funds	(32,900)	(39,500)
<b>State Expenditures</b>	<b><u>(\$110,629)</u></b>	<b><u>(\$133,182)</u></b>
Cash Funds	(89,724)	(107,670)
Centrally Appropriated Costs	(20,905)	(25,512)
<b>TABOR Impact</b>	<b>(32,900)</b>	<b>(39,500)</b>
<b>FTE Position Change</b>	<b>(1.7 FTE)</b>	<b>(2.0 FTE)</b>
<b>Appropriation Required:</b>	(\$89,724) - Department of Labor and Employment (FY 2016-17).	
<b>Future Year Impacts:</b>	Ongoing reduction in state revenue and state expenditures.	

**Summary of Legislation**

This bill eliminates current employment verification standards that:

- require each employer in Colorado to attest within 20 days that it has verified the legal work status of each employee, has not altered or falsified employee identification documents, and has not knowingly hired an unauthorized alien;
- require each employer in Colorado to submit documentation to the director of the Division of Labor in the Colorado Department of Labor and Employment (CDLE) that demonstrates that the employer is in compliance with federal employment verification requirements;
- authorize the CDLE to conduct random audits of employers to ensure compliance with federal employment verification laws;
- require the CDLE to request documentation upon receipt of a valid complaint that an employer is non-compliant with federal employment verification laws; and
- fine an employer for failing to provide required documentation or for providing fraudulent documentation.

## **Assumptions**

Most of the requirements repealed under this bill will remain federal requirements under the purview of the Department of Homeland Security, United States Citizenship and Immigration Services. Currently this information is captured on form I-9. As such, workload will not change for employers except with respect to submitting secondary information to the CDLE. Revenue and workload within the CDLE is reduced, as discussed in the State Revenue and State Expenditures sections.

## **State Revenue**

Overall, this bill reduces fines from employers for failing to provide required documentation or for providing fraudulent documentation. Over the past seven fiscal years, a total of \$277,082 was credited to the Employment Verification Cash Fund in the CDLE. This represents an average of \$39,500 per year which will no longer be collected beginning in FY 2016-17. The amount is prorated in the first year to account for the bill's effective date.

## **TABOR Impact**

This bill reduces state cash fund revenue from fines, which will reduce the amount of money required to be refunded under TABOR. TABOR refunds are paid out of the General Fund.

## **State Expenditures**

This bill reduces state cash fund expenditures by \$110,629 and 1.7 FTE in FY 2016-17 and by \$133,182 and 2.0 FTE in FY 2017-18 and beyond. Table 1 and the discussion that follows describes the savings under the bill.

<b>Table 1. Expenditures Under HB16-1114</b>		
<b>Cost Components</b>	<b>FY 2016-17</b>	<b>FY 2017-18</b>
Personal Services	(\$88,141)	(\$105,770)
FTE	(1.7)	(2.0)
Operating Expenses and Capital Outlay Costs	(1,583)	(1,900)
Centrally Appropriated Costs*	(20,905)	(25,512)
<b>TOTAL</b>	<b>(\$110,629)</b>	<b>(\$133,182)</b>

\* Centrally appropriated costs are not included in the bill's appropriation.

**Assumptions.** The CDLE has two General Professional III positions that perform the activities being repealed under the bill. On average, each FTE conducts about 700 audits of employers each year. First year costs are prorated to account for the effective date of the bill.

**Centrally appropriated costs.** Pursuant to a Joint Budget Committee policy, certain costs associated with this bill are addressed through the annual budget process and centrally appropriated in the Long Bill or supplemental appropriations bills, rather than in this bill. The centrally appropriated costs subject to this policy are estimated in the fiscal note for informational purposes and summarized in Table 2.

<b>Table 2. Centrally Appropriated Costs Under HB16-1114</b>		
<b>Cost Components</b>	<b>FY 2016-17</b>	<b>FY 2017-18</b>
Employee Insurance (Health, Life, Dental, and Short-term Disability)	(\$13,362)	(\$16,034)
Supplemental Employee Retirement Payments	(7,543)	(9,478)
<b>TOTAL</b>	<b>(\$20,905)</b>	<b>(\$25,512)</b>

### **Effective Date**

The bill takes effect August 10, 2016, if the General Assembly adjourns on May 11, 2016, as scheduled, and no referendum petition is filed.

### **State Appropriations**

For FY 2016-17, the bill requires a reduction of \$89,724 from the Employment Verification Cash Fund to the Division of Labor within the Department of Labor and Employment. In addition, the allocation of FTE should be reduced by 1.7 FTE.

### **State and Local Government Contacts**

All Departments