

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 82ND LEGISLATIVE REGULAR SESSION

April 27, 2011

TO: Honorable Byron Cook, Chair, House Committee on State Affairs

FROM: John S O'Brien, Director, Legislative Budget Board

IN RE: HB1275 by Harless (Relating to the suspension of certain licenses held by employers for the knowing employment of persons not lawfully present in the United States.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB1275, As Introduced: a negative impact of (\$44,260,243) through the biennium ending August 31, 2013.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2012	(\$22,540,035)
2013	(\$21,720,208)
2014	(\$20,849,385)
2015	(\$20,849,937)
2016	(\$20,850,622)

All Funds, Five-Year Impact:

Fiscal Year	Probable (Cost) from General Revenue Fund 1	Change in Number of State Employees from FY 2011
2012	(\$22,540,035)	230.0
2013	(\$21,720,208)	228.0
2014	(\$20,849,385)	222.0
2015	(\$20,849,937)	222.0
2016	(\$20,850,622)	222.0

Fiscal Analysis

The bill would amend the Labor Code relating to the suspension of certain licenses held by employers for the knowing employment of persons not lawfully present in the United States. The bill would require the Texas Workforce Commission (TWC) to adopt rules, receive and investigate complaints and conduct hearings, as necessary, regarding an employer who allegedly has knowingly employed a person not lawfully present in the United States. The bill would also allow a licensing authority to charge a fee to a person who is the subject of an order suspending a license in an amount sufficient to recover the administrative costs incurred by the authority.

This bill would take effect September 1, 2011.

Methodology

According to information provided by TWC, the agency assumes it will need to create an entirely new division to implement the provisions of the bill. Cost estimates by TWC are geared toward the development of an independent system and are based on previous development experience by the agency.

To implement the provisions of the bill, the analysis by TWC assumes additional staff would be required: 211 in fiscal year 2012, 210 in fiscal year 2013, and 203 in fiscal years 2014 through 2016 will be needed to handle the additional workload. Positions would include: Clerks, Administrative Assistants, Account Examiners, Program Specialists, a Director, Attorneys, Managers, Legal Assistants, a Database Administrator, a Programmer, System Analysts and a Program Manager.

For the purposes of this analysis TWC considered the following factors: population affected (the number of Texas employers is estimated at 460,763 in fiscal year 2012 and 463,391 in fiscal year 2013), the number of complaints estimated to be received and investigated by TWC (estimated at 9,215 in fiscal year 2012 and 9,268 in fiscal year 2013), and the number of appeals to the Commission (estimated at 119 each fiscal year for first and second violations).

Based on the analysis of the Office of the Attorney General (OAG), provisions of this bill would create a significant number of new referrals of cases to the district courts. OAG estimates that 250 individuals would seek judicial review annually.

To implement the provisions of the bill, the OAG estimates it would need 19 additional staff each fiscal year, which includes 13 attorneys, three legal secretaries and three legal assistants. The total impact for OAG is \$736,787 in fiscal year, \$1,723,739 in fiscal year 2013, and \$1,665,057 in fiscal years 2014 through 2016. Costs include salary/benefits, general operating expenses, travel, and capital equipment.

Based on the analysis of the Office of Court Administration, the Texas Judicial Council, the Department of Licensing and Regulation and the Texas Medical Board, it is assumed that duties and responsibilities associated with implementing the provisions of the bill could be accomplished by utilizing existing resources.

Technology

TWC's analysis assumes technology implementation costs of \$1,995,067 in fiscal year 2012, \$1,105,036 in fiscal year 2013, \$292,894 in fiscal year 2014, \$293,446 in fiscal year 2015 and \$294,131 in fiscal year 2016. Costs are associated with the following: (1) an imaging system to scan and enter data from complaints and hearings; (2) a web-based tracking system for processing complaints and hearings; (3) a batch system to support and process complaints and hearings; and (4) mailing costs associated with mailings of required notices to complainants and employers.

Local Government Impact

No significant fiscal implication to units of local government is anticipated.

Source Agencies: 212 Office of Court Administration, Texas Judicial Council, 302 Office of the Attorney General, 304 Comptroller of Public Accounts, 320 Texas Workforce Commission, 452 Department of Licensing and Regulation, 503 Texas Medical Board

LBB Staff: JOB, KJG, MW, NV