

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 85TH LEGISLATIVE REGULAR SESSION

March 16, 2017

TO: Honorable Kelly Hancock, Chair, Senate Committee on Business & Commerce

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: **SB23** by Schwertner (Relating to requiring state contractors to participate in the federal electronic verification of employment authorization program, or E-verify.), **Committee Report 1st House, Substituted**

<p>No significant fiscal implication to the State is anticipated.</p>
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The bill would require state agencies to award contracts only to vendors who participate in the federal e-verify program, which allows employers to electronically verify the immigration status of new employees.

The bill requires an agency that determines an awarded vendor is ineligible because it was not actually participating in e-verify at the time of the award or has ceased to participate in e-verify subsequent to the award to report that finding to the Comptroller of Public Accounts (CPA).

The bill requires CPA to then make a determination regarding whether the contractor was awarded the contract in violation of the e-verify requirement or ceased participation in e-verify during the contract. If such a finding is made, the bill requires CPA to bar the contractor from participating in state contracts for a term of five (5) years.

The bill specifies that it is an affirmative defense to a civil action for damages or the imposition of a civil penalty for an employer's refusal to hire or employ a person based on the employer's participation in e-verify as required by the bill's provisions that the employer participated in e-verify in accordance with the rules and guidelines of the program and received inaccurate information. The bill specifies that nothing in this provision may be construed to allow intentional discrimination of any class protected by law.

Each agency is required to develop rules for compliance with the statute no later than October 1, 2017. The bill would take effect on September 1, 2017.

Local Government Impact

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

Source Agencies: 302 Office of the Attorney General, 303 Facilities Commission, 304 Comptroller of Public Accounts, 320 Texas Workforce Commission, 405 Department of Public Safety, 452 Department of Licensing and Regulation, 454 Department of Insurance, 456 Board of Plumbing Examiners, 503 Texas Medical Board, 529 Health and Human Services Commission, 601 Department of Transportation, 696 Department of Criminal Justice, 710 Texas A&M University System Administrative and General Offices, 720 The University of Texas System Administration

LBB Staff: UP, CL, JPU, DRE