

## Department of Planning and Budget 2010 Fiscal Impact Statement

**1. Bill Number:** HB737

House of Origin      X      Introduced                  Substitute                  Engrossed  
Second House                 In Committee              Substitute                  Enrolled

**2. Patron:**        Albo

**3. Committee:** General Laws.

**4. Title:**         E-Verify Program.

**5. Summary:** Requires agencies of the Commonwealth, public contractors, localities, and employers with 15 or more employees within the Commonwealth to enroll in the E-Verify Program by December 1, 2010, and to use the Program for each newly hired employee who is to perform work within the Commonwealth. Employers and contractors that fail to do so are subject to suspension or revocation of certain licenses. Licenses will be reinstated when a business establishment enrolls in the program or, if already enrolled but not using the program, prepares and implements a compliance plan.

**6. Fiscal Impact Estimates:**

**6a. Expenditure Impact:**

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2010	\$100,000	1	General
2011	\$100,000	1	General
2012	\$100,000	1	General
2013	\$100,000	1	General
2014	\$100,000	1	General
2015	\$100,000	1	General
2016	\$100,000	1	General

**7. Budget Amendment Necessary:** Yes, Item 70, SB 30.

**8. Fiscal Implications:** While the legislation mandates that all contractors conducting business with the Commonwealth register and utilize the e-Verify system, some businesses may choose not to register (and forgo business with the Commonwealth). Lack of competition may increase costs for goods and services purchased by state agencies. If the cost for goods and services increases by one percent due to reduced competition, the result would be an annual increase of \$50 million for state agencies based on \$5 billion in annual spending by state agencies, institutions and departments of the Commonwealth.

Local governments may experience a similar percentage increase in costs as a result of reduced competition. Local government also spends approximately \$5 billion annually for goods and services.

The Department of General Services (DGS) indicates that the agency must establish and maintain a listing accessible by all public bodies to confirm participation and enforce the penalties associated with this legislation. Costs include an additional position to administer the system. The position would be responsible for updating database records, assisting public bodies with usage of the database, performing research on contractors and subcontractors, as well as ensuring compliance. The agency estimates the cost of this will be \$100,000 annually.

Methodology:

\$90,000 (salary and benefits for one position) + \$10,000 (technology support, office equipment, general overhead) = \$100,000 annual cost

Commerce and Trade state agencies may experience increase in administrative overhead to ensure private employers are in compliance with the requirements in this legislation. Material fiscal impact of verifying private employer cannot be quantified at this point. The Department of Treasury indicates the need for an additional part-time position at a cost of \$30,000 annually to perform the additional administrative duties that this legislation requires.

- 9. Specific Agency or Political Subdivisions Affected:** All public bodies of the Commonwealth, except Level III (VT, UVA, W&M, and VCU) and Level II (RU, VMI, JMU, GMU, LU, and ODU) Institutions operating under Management Agreements and Memorandums of Understanding (these institutions are not subject to the Virginia Public Procurement Act), local governments.

**10. Technical Amendment Necessary:** No.

**11. Other Comments:** None.

**Date:** 2/5/2010 dpb