MEASURE NUMBER:HB 2715STATUS: OriginalSUBJECT:U.S. Department of Homeland Security pilot program to verify the work eligibility statusof newly hired employeesGOVERNMENT UNIT AFFECTED:Bureau of Labor and IndustriesPREPARED BY:John F. BordenREVIEWED BY:Robin LaMonteDATE:April 27, 2007

EVDENDITI DEC.		<u>2007-2009</u>		<u>2009-2011</u>	
EXPENDITURES: Personal Services Services and Supplies	\$ \$	243,036 87,720	\$ \$	266,832 28,720	
Total – General Fund	φ \$	330,756	\$	295,552	
<b>REVENUES:</b>	<u>2007-2009</u>		<u>2009-2011</u>		
Civil Penalties	Indeterminate		Indeterminate		
<b>POSITIONS / FTE:</b> Compliance Specialist 3 and a Wage and Hour Compliance Specialist		2/2.00		2/2.00	

## **EFFECTIVE DATE:** On passage

GOVERNOR'S BUDGET: This bill is not anticipated by the Governor's recommended budget.

**LOCAL GOVERNMENT MANDATE:** This bill does not affect local governments' service levels or shared revenues sufficient to trigger Section 15, Article XI of the Oregon Constitution.

**COMMENTS:** This measure would require employers to apply to the U.S. Department of Homeland Security for participation in the extended federal basis employment verification pilot program whose purpose is to verify the work eligibility status of newly hired employees. The measure would phase-in employers based upon the number of their employees. All employers would be subject to the measure by July 1, 2010. The measure establishes civil penalties of up to \$5,000 for failure to apply for participation in the program depending upon the number of total employer employees. Civil penalty revenue would accrue to the State's General Fund. The Bureau of Labor and Industries (BOLI) would be responsible for verifying compliance, and upon receipt of a credible complaint, investigate a potential violation by an employer. BOLI would have the authority to assess a civil penalty of \$50 per day for each employee not terminated in accordance with the pilot program's requirements. BOLI is also directed to put into place a mechanism to notify employers of the requirements and penalties under this measure and how to comply. Additionally, BOLI shall make such information available on its website.

BOLI states that the number of credible complaints the Bureau may receive and investigate is indeterminate.

BOLI estimates the fiscal impact of this measure at \$330,756 General Fund for 24-months of the 2007-09 biennium and \$295,552 for 24-months of the 2009-11 biennium. Personal services total \$243,036 (2.00 FTE) and \$266,832 (2.00 FTE) respectfully. The Bureau would hire two permanent full-time positions: a Compliance Specialist 3 and a Wage and Hour Compliance Specialist. Services and supplies costs total \$87,720 for the 2007-09 biennium and \$28,720 for the 2009-11 biennium. The lower amount for the 2009-11 biennium is attributable to the elimination of one-time costs totaling \$59,000 for systems furniture and computers, for example. General wage and hour mailings would include information related to this measure.

BOLI made no estimate of the amount of civil penalty revenue due to the indeterminate number of complaints investigated and found in violation as well as the amount of such civil penalty assessed, which would vary based on the number of employees of a violating employer.

The Legislative Fiscal Office (LFO) notes that the long-term costs of this measure may increase above what BOLI has estimated as smaller employers become subject to this measure, based on the assumption that compliance violations among smaller employers may be greater than that of the larger employers.

The LFO believes this measure warrants a subsequent referral to the Joint Committee on Ways and Means Committee for consideration of this measure's budgetary impact on the State's General Fund.