



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2027 Biennium

Bill#/Title: **HB0226: Provide for a legal employment and government accountability law**

Primary Sponsor: Courtenay Sprunger Status: As Amended in House Committee

☐ Included in the Executive Budget ☒ Needs to be included in HB 2 ☐ Significant Local Gov Impact
☐ Significant Long-Term Impacts ☐ Technical Concerns ☐ Dedicated Revenue Form Attached

FISCAL SUMMARY

	<u>FY 2026 Difference</u>	<u>FY 2027 Difference</u>	<u>FY 2028 Difference</u>	<u>FY 2029 Difference</u>
Expenditures				
State Special Revenue (02)	\$94,102	\$91,302	\$92,672	\$94,062
Revenues				
State Special Revenue (02)	\$0	\$0	\$0	\$0
Net Impact	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
General Fund Balance				

Description of fiscal impact

HB 226 requires employer verification of legal ability to work in the United States of all employees prior to the commencement of work. The Department of Labor and Industry (DLI) is charged with enforcement of the act and provides penalties for employer violations.

FISCAL ANALYSIS

Assumptions

Department of Labor and Industry

1. HB 226 provides DLI the ability to impose penalties for employers in violation after an investigation, audit, or review is performed. A state special revenue account will be created for all deposits of assessed penalties. All monies deposited are available for DLI to spend on the implementation and administration of purposes set forth in HB 226, by appropriation.
2. Penalties include up to but not exceeding: \$500 for employers who refuse to submit books, records, or payroll requested by DLI, \$500 for a first violation per individual employed, hired, or recruited, \$1,000 for a second violation per individual employed, hired, or recruited, and \$2,500 for a third or subsequent violation per individual employed, hired, or recruited.
3. At this point, DLI is unable to determine how many violations will be found and therefore is unable to estimate this revenue. Therefore, in order to accomplish work for the first biennium, general fund will be required. For the 2029 Biennium, these costs will be revisited during the budget development process and funded fully or partially with state special revenue, if sufficient revenue exists.
4. Starting July 1, 2025, DLI will need to hire 1.00 FTE Compliance Specialist 1 with an annual salary and benefits of \$70,503 in FY 2026 and FY 2027. An inflationary factor of 1.5% has been added to this amount for FY 2028 and FY 2029.

5. The department estimates operating costs such as telephone, copiers, scanners, utilities, minor equipment, supplies, technology costs, rent, and indirect costs will total \$23,599 in FY 2026 and \$20,799 in FY 2027. An inflationary factor of 1.5% has been added to this amount for FY 2028 and FY 2029. One-time-only operating expenditures for the 1.00 FTE include \$1,600 for office supplies and equipment and \$1,200 for a computer and are included in FY 2026.

Department of Administration

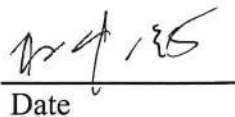
6. The Department of Administration can comply with HB 226, as amended, with no fiscal impact to the department. As a result of the changes made, the timeline now aligns with the department's current processes and federal requirements.
7. The bill, as amended, no longer requires the department to implement E-Verify and will not require a system change.
8. The retention of supporting documents can also be done without a system change.

Fiscal Analysis Table

Department of Labor and Industry				
	FY 2026 Difference	FY 2027 Difference	FY 2028 Difference	FY 2029 Difference
<u>Fiscal Impact</u>				
FTE	1.00	1.00	1.00	1.00
TOTAL Fiscal Impact	1.00	1.00	1.00	1.00
<u>Expenditures</u>				
Personal Services	\$70,503	\$70,503	\$71,561	\$72,634
Operating Expenses	\$23,599	\$20,799	\$21,111	\$21,428
TOTAL Expenditures	\$94,102	\$91,302	\$92,672	\$94,062
<u>Funding of Expenditures</u>				
State Special Revenue (02)	\$94,102	\$91,302	\$92,672	\$94,062
TOTAL Funding of Expenditures	\$94,102	\$91,302	\$92,672	\$94,062
<u>Revenues</u>				
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures)</u>				
State Special Revenue (02)	(\$94,102)	(\$91,302)	(\$92,672)	(\$94,062)



Sponsor's Initials



Date



Budget Director's Initials

2/3/2025
Date