

## Department of Planning and Budget 2008 Fiscal Impact Statement

**1. Bill Number:** SB14

House of Origin    ☐ Introduced    ☐ Substitute    ☒ Engrossed  
Second House    ☐ In Committee    ☐ Substitute    ☐ Enrolled

**2. Patron:** Edwards

**3. Committee:** Commerce and Labor

**4. Title:** **Income tax credit, earned; employers to provide notice to employees.**

**5. Summary:** This bill requires employers to post any notice that may be provided by the Department of Social Services informing all employees that they may be eligible for earned income tax credits. This bill also establishes a fine for noncompliance, which shall be not less than \$100 and not more than \$250.

**6. Fiscal Impact Estimates:** Preliminary. See Item 8.

**6a. Expenditure Impact:**

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2008	\$0	0.00	n/a
2009	\$127,057	1.50	GF
2010	\$127,057	1.50	GF
2011	\$127,057	1.50	GF
2012	\$127,057	1.50	GF
2013	\$127,057	1.50	GF
2014	\$127,057	1.50	GF

**7. Budget Amendment Necessary:** Yes, Item 116.

**8. Fiscal Implications:** This bill mandates that all employers post any notices provided by the Virginia Department of Social Services (DSS) that informs their employees that they may be eligible for earned income tax credits. The bill also establishes a fine for noncompliance of not less than \$100 and not more than \$250. The establishment of fines may result in a positive revenue impact to the State Literary Fund, as any fines collected are directed towards this Fund. However, any revenue impact is not expected to be significant.

The Department of Labor and Industry (DOLI) is charged with determining noncompliance on the part of the employer and for issuing fines for violations of the provisions of this bill. DOLI reports that the requirements of this bill place responsibility on DOLI for which they do not have current procedure. As such, DOLI anticipates that they would need additional FTEs to handle the workload that would be associated with a statutory requirement that all employers in Virginia inform their employees that they may be eligible for earned income tax credits.

DOLI anticipates the need to develop and maintain a procedure to educate employees of this law. To do so, DOLI predicts that one way to do this would be to establish a process that monitors and records employer self-reporting of compliance with this statute. This would entail a distribution of mailings to all employers to inform them of the law, and then development and maintenance of a database in which employers self-compliance reports would be entered. This bill may also increase the number of inquiries to DOLI in reference to the new law. Overall, DOLI estimates that one full time Program Administration Specialist, and one part-time Program Administration Specialist will be needed to meet the demands of enforcement of this bill. DOLI estimates that total cost for these additional positions, including salary, benefits, and non-personal service costs, to be \$127,057 annually

This bill does not explicitly require the Department of Social Services (DSS) to produce or distribute any notices regarding the earned income tax credits. As such, DSS does not anticipate a significant fiscal impact as a result of this bill and estimates that any impact can be absorbed within current resources.

**9. Specific Agency or Political Subdivisions Affected:** Department of Labor and Industry, Department of Social Services, all state agencies.

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

**11. Other Comments:** None.

**Date:** 1/30/2008 dpbaek

**Document:** G:\FIS\2008 Fiscal Impact Statements\DOLI\SB14E.Doc aek

cc: Secretary of Commerce and Trade  
Secretary of Finance