

Commission on Local Government

Estimate of Local Fiscal Impact
2011 General Assembly Session

Bill: HB 1727 **Patron:** Carrico **Date:** February 1, 2011

In accordance with the provisions of §30-19.03 of the Code of Virginia, the staff of the Commission on Local Government offers the following analysis of the above-referenced legislation:

I. Bill Summary

This bill would create the “Virginia Fair Employment Act,” which would require, by December 1, 2011, the enrollment and utilization of the E-Verify program by all localities, public contractors, and employers with 15 or more employees within the Commonwealth. The E-Verify program is an internet-based, free program offered by the U.S. Department of Homeland Security (DHS) to compare information from an employee’s I-9 form to other government documents, to verify that the employee is eligible to work in the United States.

This bill also states that licenses from any agency of the Commonwealth, or business licenses from any locality may be revoked or suspended from any of the applicable public contractors or employers for non-compliance. Contracts between agencies of the Commonwealth or localities, and a public contractor shall also be invalid and unenforceable if the contractor is found to not be in compliance.

This bill also requires the Attorney General to request from DHS, on a quarterly basis, for a list of employers and public contractors that were enrolled and participated in the E-Verify program. By March 1, 2013, the Attorney General shall request DHS provide a list of localities that were enrolled and participated in the E-Verify program during 2012.

II. Fiscal Impact Analysis

The Commission on Local Government (CLG) received fiscal impact statements from 15 localities – the Counties of Campbell, Henrico, New Kent, Powhatan, Rappahannock, Rockingham and Spotsylvania; the Cities of Chesapeake, Danville, Lynchburg, Roanoke and Winchester; and the Towns of Ashland, Blacksburg and Vienna.

Three of the responding localities – the Counties of Campbell and Spotsylvania; and the City of Winchester indicated that they would not experience an additional expenditure, because they already utilize the E-Verify program.

The County of Powhatan indicated that due to the low number of employees hired annually, that the E-Verify program would not present an additional expenditure compared to the existing method of filing paperwork.

The County of Henrico indicated that an additional expenditure would not occur, however they stated that there are too many unknown factors relative to the administration and enforcement of the bill, and that the costs of contracts could increase.

Six localities – the Counties of New Kent and Rappahannock; the Cities of Chesapeake and Danville; and the Towns of Ashland and Blacksburg, estimated that the provisions of HB 1727 would cost under \$5,000 to implement.

The remaining four localities – the County of Rockingham; the Cities of Lynchburg and Roanoke; and the Town of Vienna – each estimated that they would experience additional expenditures of more than \$5,000 to implement the bill’s provisions. The City of Lynchburg did not provide an actual dollar amount estimate, however they indicated that a related administrative burden caused a school construction contract to increase by \$300,000, or about one percent. The remaining localities provided estimates of annual operating costs that would be incurred by HB 1727:

Rockingham County:	\$10,000
Roanoke City:	\$40,000
Vienna Town	\$40,019

The estimates provided generally account for new hires or staff time associated with processing newly hired employees through the E-Verify system, and rectifying any discrepancies that may occur.

This bill is applicable to all localities, and unlike many provisions within the Code of Virginia, does not exempt towns with populations under 3,500. None of the localities that participate in the Commission’s fiscal impact review process are within that population group.

Finally, it should be noted that none of the responding localities mentioned any potential reduction of revenues due to the revocation of business licenses, though Henrico County did respond that it was concerned as to what entity would be responsible for enforcing this requirement.

III. Conclusion

HB 1727 would be applicable to all localities in the Commonwealth. The exact cost of implementing the provisions of the bill will vary depending on the number of new hires processed by the locality, and existing workloads. Additionally, this bill could increase procurement costs as contractors and subcontractors would be required to comply, which may affect their hiring practices.