

Commission on Local Government

Estimate of Local Fiscal Impact

2017 General Assembly Session

Bill: HB2000

Patron: Poindexter

Date: 1/25/2017

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:

Bill Summary:

Provides that no locality shall adopt any ordinance, procedure, or policy that restricts the enforcement of federal immigration laws to less than the full extent permitted by federal law. The bill requires each locality to adopt a policy requiring any public contractor with which the locality does business to use the E-Verify program.

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### Executive Summary:

As per the provisions of HB 2000, localities are prohibited from adopting any ordinance, procedure or policy that restricts the enforcement of Federal immigration laws and requires the localities to adopt policy for E-Verify program for public contractors. Localities have evaluated a negative fiscal impact ranging from \$0.01 - \$15,000.00. Localities that indicated a fiscal impact noted that the actual costs are indeterminate but the bill could have a major impact on procurement which could drive up costs. Most fiscal impacts appear to be related to additional staff time and attorney costs but those costs are difficult to quantify. Many localities noted that small businesses might be disproportionately negatively impacted because they do not have the capacity to comply with E-Verify requirement/immigration laws. Some localities noted that the Virginia Public Procurement Act already requires contractors to comply with immigration laws. Other localities noted that the bill would have no or minimal fiscal impact on them.

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### Local Analysis:

**Locality:** City of Danville

**Estimated Fiscal Impact:** \$0.01

The prohibition on local ordinances regarding sanctuary cities will have no fiscal impact.

The requirement of any public contractor using E-Verify would have a major impact on procurement - possibly driving up costs or leaving some smaller businesses ineligible for contracts. The Virginia Public Procurement Act already requires contracts to require contractors to comply with immigration laws. This mandate will only add to the work and cost of local government entities and private contractors, and may hurt small businesses that do not have a full Human Resources department. This actual fiscal impact of this portion of the bill cannot be determined, but it will create additional expenditures.

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Locality: City of Lynchburg

Estimated Fiscal Impact: \$1.00

I am thinking that requiring this program to bid on services and projects would hurt the small businesses the most. Being a smaller city we can use smaller contractors that may not be able to bid on the larger contracts/ service offered by the Commonwealth.
There should not be much of a fiscal impact on the City of Lynchburg.

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**Locality:** City of Manassas **Estimated Fiscal Impact:** \$15,000.00

The fiscal impact to the City is due to the assumption that we would have to verify whether or not every contractor we do business with actually uses the E-Verify program. If we only have to adopt a policy and there is no enforcement provision, then there would be no fiscal impact.

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Locality: City of Martinsville. **Estimated Fiscal Impact:** \$0.01

No fiscal impact anticipated.

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**Locality:** City of Roanoke **Estimated Fiscal Impact:** \$1.00

Enforcement of this bill would not only create an additional administrative step for the City to confirm that vendors are registered in the E-Verify program, but it could also potentially slow down the contract award process and the provision of goods and services that are essential to City operations. We have the following statement (as required by State Code) in all contracts for goods and services over \$10,000: Contractor agrees that Contractor does not and shall not during the performance of its Contract; knowingly employ an unauthorized alien as defined in the Federal Immigration Reform and Control Act of 1986.

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Locality: Roanoke Valley-Alleghany Regional Commission **Estimated Fiscal Impact:** \$440.00

There is very minimal fiscal impact involved in utilizing the E-Verify program. It is estimated that two hours per year of staff time, per locality, would be used. At an estimated rate of \$20/hour, this would be \$440 annually for all 11 of our localities.

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**Locality:** Town of Boones Mill

**Estimated Fiscal Impact:** \$10,000.00

Strongly oppose. The bill would have a highly uncertain but definitely negative impact on small towns like Boones Mill.

We are very limited in both our administrative and law enforcement resources. This bill represents a potentially wide open door to increased federal mandates.

We do business with many small, local businesses: from painting and tractor repair to landscaping and construction. We do not currently make any check for E-Verify compliance with contractors. I have no idea how many local businesses do it. While an E-Verify policy would cost nothing to enact, I can't know its impact. It could be that some small local firms would be disqualified from serving us. Larger firms from Roanoke or Lynchburg would charge more to come out here. We would be denying funds to local firms and wasting local funds.

If a local firm had to modify its overhead services to comply, they would certainly pass the cost on to us, again resulting in higher prices.

The police implication is yet more uncertain and alarming. We object to being deputized to enforce federal laws of any kind. At present, our local officers do not enforce federal tax law, drug law, nor immigration law. Local ordinances and state code are our tools, and local safety is our goal. It's not hard to imagine a federal enforcement regime with required technology purchases and changed police procedure involving more time at traffic stops, upon arrest, or involving prisoner transport. Our small police force could not easily absorb such changes.

Additionally, the state law appears redundant. If a locality is breaking federal law with its policies and procedures, the federal Justice Department can investigate and prosecute. Parallel state action on the federal government's behalf is unnecessary.

Finally, I fear a morale impact upon police officers. Our staff would likely resent and resist a requirement to comply with federal law in this policy area, instead of focusing on local safety. As low as our wages are, we rely on public service motivation among officers. A crisis of mission and morale could destroy a small town police force --which would defeat the purpose of deputizing it for federal service.

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Locality: Town of Christiansburg

Estimated Fiscal Impact: \$3,000.00

The Town of Christiansburg has no ordinances, procedures, or policies that restrict the enforcement of federal immigration laws to less than the full extent permitted by federal law and has no intention of adopting such ordinances, procedures, or policies (therefore no additional costs to the Town). Adopting a policy requiring any public contractor who does business with the Town to use the E-verify program would probably cost a few thousand in staff and attorney time (\$3,000 estimate); however the Town would be in a difficult position to endure compliance (which I do not see as a requirement).

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