

May 1, 2017

The Honorable Julia Lynn, Chairperson
Senate Committee on Commerce
Statehouse, Room 445-S
Topeka, Kansas 66612

Dear Senator Lynn:

SUBJECT: Fiscal Note for SB 133 by Senate Committee on Federal and State Affairs

In accordance with KSA 75-3715a, the following fiscal note concerning SB 133 is respectfully submitted to your committee.

SB 133 would create the Kansas Employer e-Verify Accountability Act. On and after January 1, 2018, all state agencies, departments, boards and commissions, counties and municipalities would be required to enroll and actively participate in e-Verify for verification of employment status for all employees who begin after January 1, 2018. In addition, any state agency that purchases goods or services with a value of at least \$50,000 from a vendor would require the vendor to be certified through the e-Verify system. Certification of the requirements of the bill would be in the form of an affidavit filed by the bidder, contractor, or employer with the state agency, department, board, commission, county or municipality that offers or awards the public works contract or a purchase contract having a value of at least \$50,000.

The bill would require the Kansas Department of Labor to investigate any complaint by a person who believes a bidder, contractor or employer has violated any provision of the Act. The bill would give the Department the authority to investigate a complaint. If the agency determines that a bidder, contractor or employer has violated provisions of the Act, then the violator would be prohibited from attempting to be awarded or bidding a purchase contract for two years from the Department's date of determination. The Department would create and maintain a list of all bidders, contractors and employers found to be in violation of the Act and would make the list readily available.

Estimated State Fiscal Effect				
	FY 2018 SGF	FY 2018 All Funds	FY 2019 SGF	FY 2019 All Funds
Revenue	\$156,000	\$156,000	\$156,000	\$156,000
Expenditure	--	--	--	--
FTE Pos.	--	2.00	--	2.00

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The Kansas Department of Labor indicates enactment of SB 133 would require additional expenditures totaling \$156,000 from the State General Fund, including \$131,000 for the salaries and wages for 1.00 FTE Investigator and 1.00 Attorney, and \$25,000 for other operating expenditures, including communications and rent, beginning in FY 2018. These new positions would be utilized to investigate complaints, as well as to maintain a list of all bidders, contractors and employers that have been found to be in violation of the Act.

The Department of Administration indicates that it would be responsible for taking the lead in incorporating the e-Verify system into the hiring process for state agencies. Because the e-Verify system is a free service, there would be no additional costs to use the system. However, the current hiring process would need to be changed slightly to inform applicants that the system is being used and that certain personal information must be submitted before a candidate can be offered any position.

According to the Office of Procurements and Contracts (OPC) in the Department of Administration, enactment of the bill would have no fiscal effect. OPC notes that SMART (the state's accounting system) is not designed to request, gather and track the awarding of contracts or grants in excess of \$50,000 and this data would be collected and tracked manually. In addition, OPC states that it cannot estimate the cost to the state if a business does not wish to participate in the e-Verify program, which could lead to reduced competition, and further could lead to less favorable pricing for commodities or services.

The Kansas Department of Transportation (KDOT) states that it would anticipate the Department of Labor to instruct the Department of Administration to incorporate the required affidavit as part of bid and award documents. KDOT would collect the form as part of its bid and award process.

The League of Kansas Municipalities indicates that if cities were required to implement electronic verification on all employees, it could require substantial increased staff time to implement provisions of the bill. However, the agency cannot estimate the fiscal effect on municipalities resulting from the enactment of the bill. Any fiscal effect associated with SB 133 is not reflected in *The FY 2018 Governor's Budget Report*.

Sincerely,



Shawn Sullivan,
Director of the Budget

cc: Ben Cleeves, Transportation
Dawn Palmberg, Department of Labor
Larry Baer, League of Municipalities
Colleen Becker, Department of Administration
Melissa Wangemann, Association of Counties
Lynn Robinson, Department of Revenue