



Legislative
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FISCAL NOTE

Drafting Number: LLS 18-0187
Prime Sponsors: Rep. Pabon
 Sen. Aguilar

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Bill Status: House Judiciary
Fiscal Analyst: Clare Pramuk | 303-866-2677
 Clare.Pramuk@state.co.us

Bill Topic: CREATION OF WORK STATUS FOR IMMIGRANTS

- Summary of Fiscal Impact:**
- State Revenue
 - TABOR Refund
 - State Expenditure
 - Local Government
 - State Transfer
 - Statutory Public Entity

This bill creates the "Purple Card Program" in the Colorado Department of Labor and Employment that grants a new legal work status to certain people who came to the United States without legal documentation. It will increase state revenue and expenditures on an ongoing basis.

Appropriation Summary: For FY 2018-19, the bill requires an appropriation of \$103,815 to the Colorado Department of Labor and Employment.

Fiscal Note Status: The fiscal note reflects the introduced bill.

**Table 1
State Fiscal Impacts Under HB 18-1230**

		FY 2018-19	FY 2019-20	FY 2020-21
Revenue	Cash Funds	-	-	\$1,772,000
	Total	-	-	\$1,772,000
Expenditures	General Fund	\$103,815	\$480,391	
	Cash Funds			\$1,112,761
	Centrally Appropriated	\$18,032	\$43,473	\$99,895
	Total	\$121,847	\$523,864	\$1,212,656
	Total FTE	1.4 FTE	3.5 FTE	8.0 FTE
Transfers		-	-	-
TABOR Refund		-	-	-

Summary of Legislation

This bill creates the "Purple Card Program" in the Colorado Department of Labor and Employment (CDLE) that grants a new legal work status to certain people who came to the United States without legal documentation. To be eligible for the program, a person must have no felony convictions for the prior three years and have been brought to the U.S. as a minor or paid state income taxes for the past two years.

The CDLE is required to establish an application process that specifies when applicants are eligible to apply and set a fee for the purple card to be deposited into the Purple Card Cash Fund. A person with a purple card is not considered an unauthorized alien for employment verification purposes. The state is required to indemnify any individual or employer exercising the use of the purple card for any federal penalties and actions arising out of the use of the card for obtaining or providing employment. The costs of indemnification may be paid from the fund.

Assumptions

The CDLE will need to conduct rulemaking to design the program and the indemnification process first, and then develop the application process and expand CDLE's electronic labor complaint system to host the purple card program. The outcome of this development process may change the program costs. Given the amount of work to establish the program, the fiscal note assumes that the CDLE will begin taking applications for purple cards by July 1, 2020. The calculations for FY 2020-21 costs assume 17,720 applicants, which is based on data from the Department of Revenue's Colorado Road and Community Safety Program. The program allows Colorado residents who cannot prove citizenship or legal presence in the United States to apply for a driver's license, permit, or state ID card.

State Revenue

Because of the time required to develop the purple card system, no revenue is expected until FY 2020-21. Based on the assumptions above and a \$100 fee for illustrative purposes, the bill could generate \$1,772,000 in FY 2020-21 to the Purple Card Cash Fund.

Fee impact on purple card applicants. Colorado law requires legislative service agency review of measures which create or increase any fee collected by a state agency. This fee amounts is an estimate, actual fees will be set administratively by CDLE based on cash fund balance, estimated program costs, and the estimated number of applicants subject to the fee. Table 2 below identifies the fee impact of this bill which includes the cost of a background check.

**Table 2
Fee Impact on Purple Card Applicants**

Fiscal Year	Type of Fee	Proposed Fee	Number Affected	Total Fee Impact
FY 2020-21	Purple card including background check	100	17,720	\$1,772,000
			FY 2020-21 Total	\$1,772,000

TABOR Refund

This bill increases state cash fund revenue subject to TABOR in FY 2020-21 and subsequent years, which may increase the amount required to be refunded under TABOR for these years. State revenue subject to TABOR is not estimated for years beyond FY 2019-20.

State Expenditures

This bill will increase General Fund expenditures by \$121,847 and 1.4 FTE in FY 2018-19 and \$523,864 and 3.5 FTE in FY 2019-20. For FY 2020-21, the bill will increase cash fund expenditures by \$1,212,656 and 8.0 FTE from the Purple Card Cash Fund in the CDLE. These costs are shown in Table 3 and explained below.

**Table 3
 Expenditures Under HB 18-1230**

	FY 2018-19	FY 2019-20	FY 2020-21
Department of Labor and Employment			
Personal Services	\$82,423	\$188,473	\$436,579
Operating Expenses and Capital Outlay Costs	\$10,736	\$31,543	\$7,600
Information Technology	-	\$260,375	\$45,700
Purple Card Program Operating Costs	-	-	\$612,226
Indemnification Payments	-	-	TBD
Legal Services	\$10,656	-	\$10,656
Centrally Appropriated Costs*	\$18,032	\$43,473	\$99,895
FTE – Personal Services	1.4 FTE	3.5 FTE	8.0 FTE
Total Cost	\$121,847	\$523,864	\$1,212,656
Total FTE	1.4 FTE	3.5 FTE	8.0 FTE

* Centrally appropriated costs are not included in the bill's appropriation.

Personal services. When fully staffed for the Purple Card Program, the CDLE will require 8.0 FTE to process applications, conduct investigations, and respond to requests for indemnification from individuals and employers. In FY 2018-19, two staff will begin program planning and rulemaking. Additional staff will be brought on for training and implementation in FY 2019-20. Personal services costs are prorated in the first two years to reflect the staggered start dates and the General Fund paydate shift. Standard operating and capital expenditures are included for each FTE.

Information technology. The specifications for the purple card application system will be developed with staff from CDLE and OIT. Costs for FY 2019-20 include: programming conducted by a vendor which is estimated to require 1,845 programmer hours at \$115 per hour for a total of \$212,175; a secure interface for information exchange with the fingerprint vendor at a cost of \$10,000; and annual software licensing costs of \$38,200. The CDLE will also have annual costs of \$7,500 for maintenance and support of the purple card system beginning in FY 2020-21.

Purple card program operating costs. Applicants for purple cards are expected to be subject to fingerprint background checks provided by a third-party vendor at a cost of \$28.75 each. The program will have annual costs of \$88,600 for the cards themselves which are estimated at \$5.00 each but could be as high as \$16.35 for Real Id type cards. Costs of \$0.80 per card are included for mailing the purple cards for total costs of \$14,176 per year. These costs all begin in FY 2020-21.

Legal services. The CDLE requires 100 hours of legal services from the Department of Law for rulemaking in FY 2018-19 and again in FY 2020-21 for addressing requests for indemnification. Legal services costs are \$106.56 per hour.

Indemnification payments. The bill is not clear on what circumstances would qualify for indemnification payments so these are not estimated in the fiscal note. After the bill is implemented, if sufficient cash funds are not available to make indemnification payments, General Fund appropriations will be requested through the annual budget process.

Centrally appropriated costs. Pursuant to a Joint Budget Committee policy, certain costs associated with this bill are addressed through the annual budget process and centrally appropriated in the Long Bill or supplemental appropriations bills, rather than in this bill. These costs, which include employee insurance and supplemental employee retirement payments, are estimated to be \$18,032 in FY 2018-19, \$43,473 in FY 2019-20 and \$99,895 in FY 2020-21.

Effective Date

The bill takes effect August 8, 2018, if the General Assembly adjourns on May 9, 2018, as scheduled, and no referendum petition is filed.

State Appropriations

For FY 2018-19, the bill requires a General Fund appropriation of \$103,815 and an allocation of 1.4 FTE. Of this amount, the Department of Law requires \$10,656 in reappropriated funds.

State and Local Government Contacts

Labor	Personnel
Public Safety	Revenue