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[SF 339](#) – Employment of Unauthorized Aliens, E-Verify (LSB1681SV)  
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Fiscal Note Version – New

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## **Description**

[Senate File 339](#) prohibits licensed employers from knowingly employing unauthorized aliens and authorizes a county attorney, local law enforcement official, or member of the public to file a complaint of a violation with the Iowa Department of Workforce Development (IWD). If the IWD determines that an employer has committed a violation, the IWD is required to bring an action in district court against the employer for the violation in the county where the unauthorized alien employee is or was employed by the employer. The Bill requires licensed employers hiring or rehiring an employee to verify the employee's employment eligibility through the federal E-Verify Program and certify to the IWD that the employer has done so. The Bill further requires the IWD to adopt administrative rules to carry out the IWD's duties under the Bill.

The Bill also requires the Secretary of State to maintain an online database of employers registered with the federal E-Verify Program, first-time employer offenders, and related court documents.

## **Background**

The federal [Immigration Reform and Control Act of 1986](#) (IRCA) (8 USC §1324a) made it illegal for employers to knowingly hire immigrants who are unauthorized to work in the United States. The IRCA established an employment verification process (the Form I-9 process) that required employers to review documents presented by new employees to establish their identity and employment eligibility. The IRCA provides for penalties or sanctions against employers that knowingly violate the law. Employers are required to certify that they have reviewed the documents presented by their employees and that the documents reasonably appear genuine and relate to the individual presenting them. The [Illegal Immigration Reform and Immigrant Responsibility Act of 1996](#) created E-Verify as a pilot program. The program has since been expanded. Employers participating in E-Verify are required to retain Form I-9s for all newly hired employees in accordance with the IRCA. Currently, 25 states have some type of E-Verify mandate for businesses and/or governments, while the federal government mandates that all [federal contractors](#) utilize E-Verify.

## **Assumptions**

- Enactment of the Bill would require the IWD to incur additional expenses for vehicles, phones, computers, employee support, preparation of rules, development of training materials, training of staff, investigative time, postage, filing fees, service of process fees, witness subpoenas, travel time and expenses, court preparation and appearances, monitoring employers, and following up on court orders. This will result in the IWD adding the following 9.0 full-time equivalent (FTE) positions:
  - Public Service Manager 1      1.0 FTE position
  - Secretary 1                      1.0 FTE position
  - Attorney 2                        1.0 FTE position

- Investigator 2 4.0 FTE positions
- Field Auditor 2.0 FTE positions
- Salary costs include benefits and are estimated at the entry level of the salary range for each position. Salary costs for FY 2022 assume positions are filled by October 1, 2021.
- The IWD will investigate 500 complaints per year and file 50 court actions, administered through the Iowa Judicial Branch.
- The Secretary of State will develop and maintain a permanent searchable database. The database will be developed in house.
- The Secretary of State will use a link to the federal Department of Human Services E-Verify System for the purposes of new Iowa Code section 95.3(3).
- The Secretary of State will use 0.5 hours of staff time at \$20 per hour to manage court documents for each court action.

**Fiscal Impact**

The Bill will result in increased cost to the IWD of an estimated \$656,000 for 9.0 FTE positions in FY 2022 and \$687,000 in subsequent years, to be paid from the IWD General Fund appropriation.

The Secretary of State will utilize an estimated \$25,000 from its Secretary of State Technology Modernization Fund appropriation in FY 2022 for the creation of a database and approximately \$500 from its annual General Fund appropriation, beginning with FY 2023, for the processing of court documents and data entry.

The Iowa Judicial Branch will incur expenses estimated at \$75,000 per year to administer complaints that might be filed against an employer by a county attorney, law enforcement officer, or member of the public, with a subsequent determination by the IWD that a violation has occurred. There are offsetting amounts of filing fees and court costs of an estimated \$300 per instance made to the General Fund and other funds. See estimated costs in table below.

**Estimated Costs, Senate File 339**

Agency	Category	FTE	Est. Cost	
			FY 2022	FY 2023
Secretary of State	Salary and Benefits	0.0	\$ -	\$ 500
	Database Development		25,000	-
Judicial Branch	Trial Costs		\$ 75,000	\$ 75,000
	Court Fees and Filing Fees		-15,000	-15,000
Iowa Workforce Development (IWD)	Salary and Benefits	9.0	\$ 453,444	\$ 617,289
	Capital Outlay		150,000	-
	Travel		15,000	20,000
	Fees and Postage		15,000	20,000
	Other Operating Costs		22,500	30,000
<b>Total</b>		<b>9.0</b>	<b>\$ 740,944</b>	<b>\$ 747,789</b>

**Sources**

Legislative Services Agency  
Iowa Department of Workforce Development  
Iowa Secretary of State  
Iowa Judicial Branch  
General Accounting Office (GAO)

/s/ Holly M. Lyons

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February 17, 2021

Doc ID 1212555

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The fiscal note for this Bill was prepared pursuant to [Joint Rule 17](#) and the Iowa Code. Data used in developing this fiscal note is available from the Fiscal Services Division of the Legislative Services Agency upon request.

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