



State of Minnesota
Department of Finance

400 Centennial Building
658 Cedar Street
St. Paul, Minnesota 55155
Voice: (651) 201-8000
Fax: (651) 296-8685
TTY: 1-800-627-3529

May 12, 2006

To: Chairman Pogemiller Chairman Krinkie
 Senator Belanger Representative Lenczewski

From: James Schowalter 
 Assistant Commissioner

Re: Local Impact Note – **HF 3308 (Smith)**
 Immigration, Human Trafficking, and Identity Theft

On April 4, the Department of Finance received a request from the ranking minority member of the House Taxes Committee to prepare a local impact note on HF 3308, a bill relating to immigration, human trafficking, and identity theft. We have determined that the current engrossment of the bill would have minimal costs to local units of government.

Local impact notes are similar to the fiscal notes that you are familiar with, but they focus on the fiscal impact of proposed legislation on local governments rather than the State. This process is described in Minnesota Statutes 3.987 and 3.988. This statute requires the Department of Finance to gather and analyze information on local costs of legislation when requested by the chair or ranking minority member of either tax committee.

Minnesota Statute 3.988 lists exceptional cases where local impact notes are not required to be prepared. According to this statute, the local impact note process does not apply in those cases where a bill “imposes additional net local costs that are minor.” The statute defines minor costs as less than \$1,000,000 statewide. From analyzing the bill and surveying a few local governments, we have determined that HF 3308 will incur minor local government costs. Therefore, a local impact note is not statutorily required and will not be prepared.

To make this determination, we first examined the state fiscal note prepared by nine agencies, including the Department of Public Safety and the Department of Corrections. The fiscal note indicated minimal costs to local governments if this bill passed. According to information from the State Court Research Office, many of the offenses that have increased penalties or are newly created in the proposed legislation either had fewer than 10 convictions in the last six years or would have an unknown effect that was not predicted to be large. The Department of Corrections fiscal note states, “The fiscal impact of this bill on local correctional resources is expected to be minimal.” The Department of Public Safety estimates \$900,000 in statewide local government costs to modify computer systems to comply with the provisions of this bill.

As introduced, HF 3308 had many potential costs that concerned local governments, but many of them were taken out. The current version of the bill still requires that local law enforcement officers booking an arrestee contact federal immigration authorities to request an immigration status check in cases where immigration status cannot be determined. This step will require law

enforcement officers to spend more time determining immigration status, though this amount is not estimated to be significant since primary identification documents, including a driver's license, can be used to establish citizenship and immigration status.

Though we did not see major local costs in the third engrossment of the bill, we asked a few cities about the potential fiscal impact of this bill. St. Paul, Minneapolis, and Worthington, a city with a high immigrant population, were contacted. Both Minneapolis and Worthington were unable to provide a dollar figure, but predicted that the bill would have minimal costs to their cities if enacted. St. Paul has not yet provided an official response.

Based on the language in the bill, the fiscal note, and the responses of two cities, Worthington and Minneapolis, we estimate the fiscal impact of HF 3308 on local governments to be minimal.

If you or your staff has any questions regarding the local impact analysis for this bill, please contact Alexandra Broat, Executive Budget Officer at 651-296-1700.

cc: Representative Smith
Senator Wergin
Legislative Staff (email)