

REPORT TO THE CONVENTION BY THE  
COMMITTEE ON FINANCE AND OTHER MATTERS

Subject: Committee Recommendation No. 67

The Committee on Finance and Other Matters recommends that the Convention meeting in Committee of the Whole adopt the attached proposed constitutional amendment relative to fees for the privilege of employing nonresident workers.

The Committee's recommended constitutional amendment would require the legislature to provide by law for annual fees to be paid by the employer of the privilege of employing a nonresident worker. The fee would apply to each nonresident worker employed. It also permits the legislature to exempt the employment of domestic workers in private homes from this requirement, since your Committee felt that such a fee might pose an unfair burden on those of our people who need maids to take care of their homes and children while both parents work. This is often a necessity at our present level of economic development.

The committee recommendation also requires that employers be prohibited from deducting any amounts from the pay of the nonresident worker on account of the fee required by this section or from otherwise causing this cost to be borne by the employee. This is important because such passing on of the cost would defeat the purpose of the proposal, which is to discourage the employment of nonresident workers and promote the employment and training of local workers. It is also the intent of your committee that the legislature may provide for this fee to be paid in pro rata installments during the year or for refund or credit of a pro rata portion of the fee in the event a nonresident worker is not employed for a full year.

Your Committee finds that economic disincentives are the only effective means of controlling the influx of nonresident workers and promoting the employment and training of local workers, without hampering economic development by depriving business of the necessary labor supply. Regulatory and bureaucratic efforts always tend to be one or two steps behind the employers and are considerably more difficult to enforce than a fee. Your Committee further finds that a constitutional amendment is necessary, since the legislature would find it very difficult to impose this fee otherwise.

Additionally, by making it more expensive to employ nonresident workers, employers are encouraged to employ and train local workers. The extra cost of employing the nonresident worker does not go to the alien but to the government to cover the additional cost of public services to these workers and meet the developmental needs of the Commonwealth. If the fee were \$2,000 per annum, which is an appropriate level to encourage the employment of local workers instead of aliens, the Commonwealth would realize an addition \$8 million in revenues based on the approximately 4,000 nonresident workers now in the Commonwealth.

Concern was raised during public hearings that this proposal would increase costs to the general public. This concern has some merit, but your Committee feels it was far outweighed by the need to control the number of nonresident workers in the Commonwealth and the benefits of promoting employment of local workers. Further, the best run businesses will quickly replace nonresident workers with local workers, thereby keeping costs down, gaining a competitive advantage, and greatly reducing the inflationary impact.

Delegate Proposals: This committee recommendation is based on Delegate Proposal No. 223-85. That proposal called for fees to increase progressively as follows:

\$150 immediately  
\$400 October 1, 1986  
\$800 October 1, 1987  
\$1,400 October 1, 1988  
\$2,000 October 1, 1989

Your Committee felt this was an appropriate schedule but decided that some flexibility should be given to the legislature. Your Committee also considered Delegate Proposals No. 273-85 but rejected it for the reasons stated above.

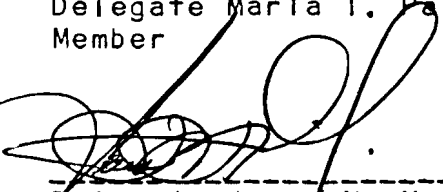
Therefore, your Committee strongly urges all delegates to support the attached committee recommendation.

Respectfully submitted,

  
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Delegate Lorenzo I. Guerrero  
Chairman

  
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Delegate Rita H. Inos  
Vice Chairperson

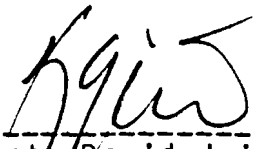
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Delegate Maria T. Pangelinan  
Member



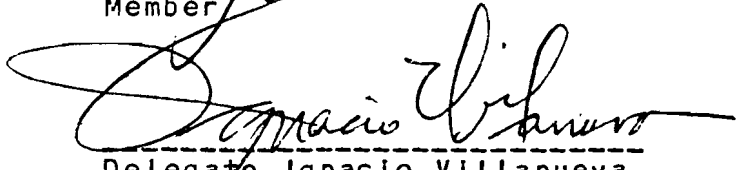
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Delegate James M. Mendiola  
Member



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Delegate David Igitol  
Member



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Delegate Ignacio Villanueva  
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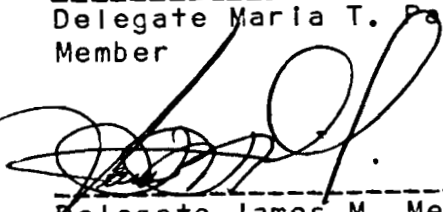
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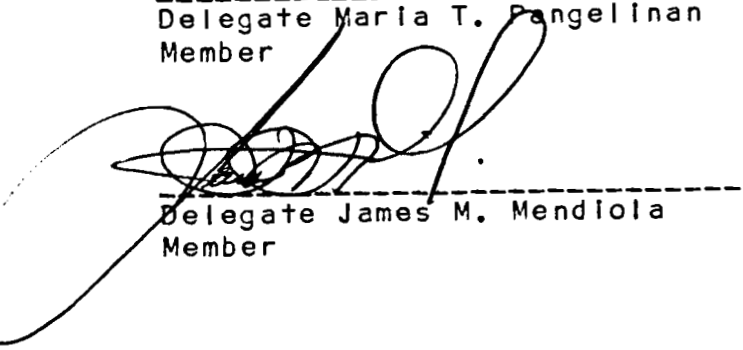
  
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Delegate Lorenzo I. Guerrero  
Chairman

  
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Delegate Rita H. Inos  
Vice Chairperson

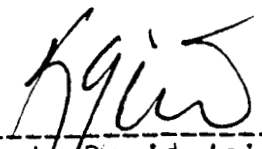
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Member



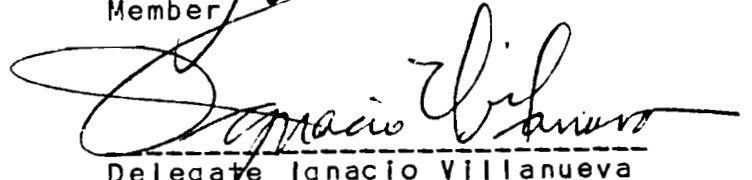
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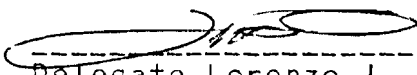
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Delegate Lorenzo I. Guerrero  
Chairman

  
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Delegate Rita H. Inos  
Vice Chairperson



PROPOSED FLOOR AMENDMENTS TO CR NO. 67

On page 1, line 12, after the word "employee.", insert the following:

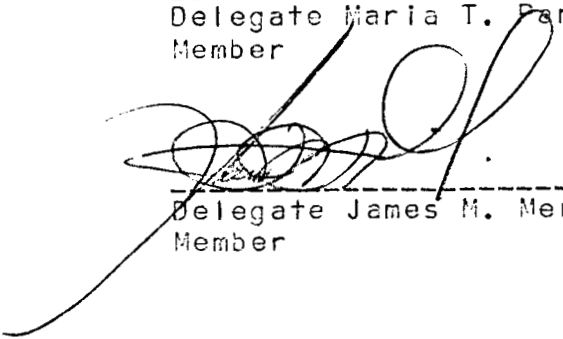
"The nonresident worker fee shall be decreased in proportion to the number of resident worker employed thereof."

Date: 2/22/95

Offered by:

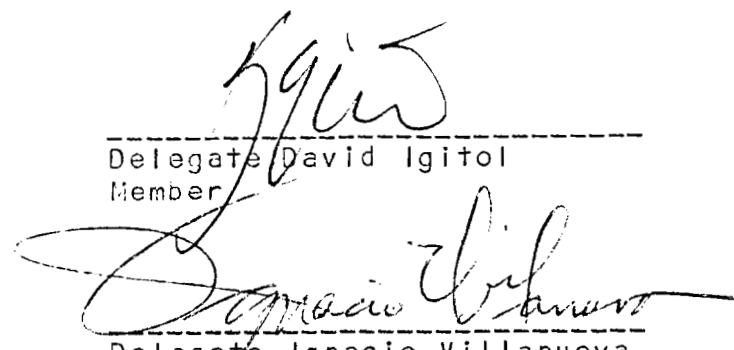
W. Torres  
DELEGATE WILLIAM S. TORRES

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Delegate Maria T. Pangelinan  
Member

A large, stylized handwritten signature in black ink, written over the printed name and extending downwards and to the left.

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Delegate James M. Mendiola  
Member

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Delegate David Igitol  
Member

A large, stylized handwritten signature in black ink, written over the printed name and extending downwards and to the right.

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Delegate Ignacio Villanueva  
Member