

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 78TH LEGISLATIVE REGULAR SESSION

May 24, 2003

TO: Honorable Rodney Ellis, Chair, Senate Committee on Government Organization

FROM: John Keel, Director, Legislative Budget Board

IN RE: HB1606 by Wolens (Relating to ethics of public servants, including the functions and duties of the Texas Ethics Commission; the regulation of political contributions, political advertising, lobbying, and conduct of public servants; the reporting of political contributions and personal financial information; and the misuse of certain confidential information by governmental officers and employees; providing civil and criminal penalties.), **Committee Report 2nd House, Substituted**

Estimated Two-year Net Impact to General Revenue Related Funds for HB1606, Committee Report 2nd House, Substituted: a positive impact of \$3,800,350 through the biennium ending August 31, 2005.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2004	\$3,463,675
2005	\$336,675
2006	\$3,506,395
2007	\$288,195
2008	\$3,506,395

All Funds, Five-Year Impact:

Fiscal Year	Probable (Cost) from <i>GENERAL REVENUE</i> <i>FUND</i> 1	Probable Revenue Gain from <i>GENERAL REVENUE</i> <i>FUND</i> 1	Change in Number of State Employees from FY 2003
2004	(\$470,931)	\$3,934,606	5.0
2005	(\$212,605)	\$549,280	5.0
2006	(\$212,605)	\$3,719,000	5.0
2007	(\$212,605)	\$500,800	5.0
2008	(\$212,605)	\$3,719,000	5.0

Fiscal Analysis

This bill is the sunset legislation relating to the powers and duties of the Texas Ethics Commission. The bill requires the agency to review randomly selected statements and reports submitted to the agency by filers and requiring the agency to make the complaint form available on the Internet. The bill also streamlines the complaint process by removing the informal hearing stage and creating deadlines for the agency and allowing the subpoena of documents. The bill also allows the agency to terminate campaign treasurer appointments and requires the development of electronic software for candidates for Speaker and the development of an electronic filing system for lobbyist reports.

In addition, out-of-state political committees to file copies of their reports. This bill would also require legislators to file copies of legislative continuance and file notices, along with their relatives, regarding legislation on which the relative lobbies. Furthermore, this bill requires all candidates, officeholders, and political committees to report cash on hand as part of their finance reports. This bill would also require the agency to maintain a list in its website of candidates who fail to pay penalties and requires the agency to provide for and track completion of a continuing education program for lobbyists.

The bill would increase penalties for late filings of reports required by statute. The bill takes effect September 1, 2003.

Methodology

This bill would require the agency to review randomly selected statements and reports submitted to the agency by filers and provide and track lobbyist education. This analysis assumes that an additional Administrative Technician II and an additional Attorney would be needed to fulfill this requirement at a cost of \$74,000 per fiscal year. The bill would also require the agency to make the complaint form available on the Internet. While this provision may increase the number of complaints, this analysis assumes that the increase will not be significant since current law provides penalties for filing complaints without cause.

This bill would streamline the complaint process by removing the informal hearing stage and creating deadlines for the agency. The agency has indicated that an increased number of complaints reaching the formal hearing stage would result by the removal of the informal hearing stage and the accelerated deadlines resulting in a cost of \$15,000 for utilizing the State Office of Administrative Hearings. In addition, this analysis assumes that one additional attorney would be required for the increased workload at a cost of \$50,000 per fiscal year.

The agency would be allowed to subpoena documents at the preliminary review stage of the hearing process. It is estimated that the cost for issuing subpoenas would be approximately \$1,125 per fiscal year.

This bill would also allow the agency to terminate the campaign treasurer appointments of inactive candidate or political committees. This analysis assumes that the cost savings associated with this provision will not be significant.

This bill would also require the agency to develop electronic software for candidates for Speaker. As a result, an internal process for allowing the public to access those records would be needed. Coupled with the programming needs for the electronic filing system for lobbyist, the agency has indicated that it would need to contract for these programming needs with an outside programmer for approximately 2 weeks at \$120.00 per hour for a total cost of \$9,600.

This bill would also require the agency to develop an electronic filing system for lobby reports. Programming for this new system would require approximately 6 weeks at \$120.00 per hour for a total of \$28,800. The agency indicates that two additional servers, at a cost of \$138,326, and associated software, at a cost of \$21,480, would be required to handle the additional data storage and processing needs. The two servers would be a one-time cost for fiscal year 2004. The cost for software would be an ongoing cost. Furthermore, an additional System Support Specialist II would be required to support the additional number of electronic filers requesting information and assistance. The cost for this additional position would be \$27,000 per fiscal year. However, this bill would direct the agency to increase lobby registration fees for calendar years 2004 and 2005 in amounts sufficient to generate revenue necessary to develop and implement the electronic filing system.

This bill would also require district judges and multi-county district attorneys to file campaign finance reports electronically. The agency has indicated that an additional technical support as well as data storage needs will be required. No cost was given for this added responsibility. This analysis assumes that no significant cost to the state will result from this added responsibility.

The bill would also amend statute and require out-of-state political committees to file copies of their

reports, and require legislators to file copies of legislative continuance and file notices, along with their relatives, regarding legislation on which the relative lobbies. Furthermore, this bill requires all candidates, officeholders, and political committees to report cash on hand as part of their finance reports. This additional measure would require the agency to contract for these programming needs at a cost of \$120.00 an hour for 680 hours for a total cost of \$81,600. Furthermore, an additional Administrative technician would be needed to assist the agency with these new reports and requirements at a cost of \$24,000 per fiscal year.

This bill would increase revenue to the state via penalties for late filings of reports required by statute. The penalties would increase from \$100.00 to \$1000.00. The agency has indicated that an average of 698 reports were filed late, thus producing an increase of \$628,200 per fiscal year. An additional \$100.00 a day would be assessed for reports that are required to be filed immediately after an election with a cap of \$10,000. The agency indicates that they anticipate 250 reports would reach the maximum \$10,000 generating \$2,500,000 to the General Revenue Fund. In addition, an additional 200 reports would reach the 24-day mark generating \$480,000 to the General Revenue Fund. In addition, the bill increases penalties for late filing of lobbyist and personal financial disclosure reports from \$100.00 to \$500.00 the agency has indicated that approximately 277 reports were filed late, thus generating an additional \$110,800 per fiscal year.

Local Government Impact

No significant fiscal implication to units of local government is anticipated.

Source Agencies: 116 Sunset Advisory Commission, 356 Texas Ethics Commission

LBB Staff: JK, GO, MS, JM