

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 83RD LEGISLATIVE REGULAR SESSION

May 22, 2013

TO: Honorable David Dewhurst, Lieutenant Governor, Senate

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: SB219 by Huffman (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; and the reporting of political contributions and expenditures and personal financial information; providing civil and criminal penalties.), **As Passed 2nd House**

Estimated Two-year Net Impact to General Revenue Related Funds for SB219, As Passed 2nd House: a positive impact of \$283,930 through the biennium ending August 31, 2015.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2014	\$71,430
2015	\$212,500
2016	\$212,500
2017	\$212,500
2018	\$212,500

All Funds, Five-Year Impact:

Fiscal Year	Probable Revenue Gain/(Loss) from <i>General Revenue Fund</i> 1	Probable Savings/(Cost) from <i>General Revenue Fund</i> 1
2014	\$212,500	(\$141,070)
2015	\$212,500	\$0
2016	\$212,500	\$0
2017	\$212,500	\$0
2018	\$212,500	\$0

Fiscal Analysis

The Ethics Commission is subject to the Sunset Act, however the Commission is not subject to

abolishment under the Act.

The bill would amend Government Code to require the Ethics Commission (Commission) to develop a system to resolve complaints to align enforcement actions with the seriousness of violations, eliminate Commissioner involvement in the preliminary review of a sworn complaint and restructure the preliminary hearing to include only two Commissioners. The bill would provide for judicial review of Commission decisions based on substantial evidence of the record. The bill would amend Government Code to require the Ethics Commission (Commission) to develop a system to resolve complaints to align enforcement actions with the seriousness of violations, eliminate Commissioner involvement in the preliminary review of a sworn complaint and restructure the preliminary hearing to include only two Commissioners. The bill would provide for judicial review of Commission decisions based on substantial evidence of the record and would allow the Commission to hold formal hearings itself or to delegate to the State Office of Administrative Hearings. The bill would require personal financial statements to be filed electronically, removes the statutory prohibition on posting reports of major party candidates whose opponents have not yet filed, and modify the statutory filing provisions to streamline the agency's campaign finance filing processes. The bill would specify that electronic data saved in the Commission's temporary storage before the filer submits a completed report is not subject to disclosure. The bill would identify certain provisions related to registration as a lobbyist, provide that a lobby registrant would not lose protection under the Lobby Law if reporting a portion of a joint expenditure made by a non-registrant, add categories to the Lobby Law provision related to reporting lump sum expenditures for certain events, and provide an exception from the legislative advertising disclaimer for material distributed by a legislator on the floor of the House or Senate.

Although the Commission does not currently accept electronic filing of personal financial statements, the agency indicated that they could accept electronic filing as a portable document file (PDF) with current resources. Additionally, the bill would require the agency to redact the home addresses of former and current district attorneys from personal financial statements, however the agency anticipates it could absorb this cost within existing resources. The agency also indicated that any other costs associated with implementing the bill could be absorbed within existing agency resources.

The bill would take effect September 1, 2013.

Methodology

The bill would enable the commission to set a fee in rule, capped at \$100, to be charged to candidates, elected officeholders, and political committees filing campaign finance reports with the Ethics Commission, but would exempt individuals filing petitions to be placed on the ballot, as well as lobbyists and other individuals who only file personal financial statements. The Ethics Commission estimates that an average of 4,250 filers of campaign finance reports per year. Setting the fee at \$50 would generate an additional \$212,500 in annual revenue to General Revenue.

Additionally, the bill would require the Ethics Commission to conduct a study, in consultation with the Supreme Court of Texas and the Texas Court of Criminal Appeals to determine whether the law enforcement functions of the Public Integrity Unit of Travis County should be transferred to another entity or agency. The Ethics Commission estimates a cost to the agency of \$141,070 out of General Revenue in fiscal year 2014. This cost would primarily be for salaries for 416 hours for three high-level staff working eight hours per week in fiscal year 2014, plus travel costs related to a sub-committee of four Commissioners to make four trips to Austin, and additional overhead expenses, such as printing, travel, and outside counsel. The Supreme Court of Texas and the Texas Court of Criminal Appeals indicate that any costs associated with implementing the bill could be

absorbed within existing agency resources.

Local Government Impact

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

Source Agencies: 116 Sunset Advisory Commission, 212 Office of Court Administration,
Texas Judicial Council, 356 Texas Ethics Commission

LBB Staff: UP, KJo, EP, EMo, AG