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FISCAL IMPACT REPORT

ORIGINAL DATE 3/17/09

SPONSOR HAFC LAST UPDATED _____ HB 904/HAFCS

SHORT TITLE State Ethics Commission Funding SB _____

ANALYST Wilson

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY09	FY10		
	\$280.0	Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

Companion to HB 151 & 614/HAFCS

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY09	FY10	FY11	3 Year Total Cost	Recurring or Non-Rec	Fund Affected
Total		\$5.0	\$5.0		Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

Relates to HB 99, HB 244, HB 252, HB 253, HB 272, HB 495, HB 535, HB 550, HB 553, HB 646, HB 686, HB 808, HB 850, HB 878, HB 883, HB 891, SB 49, SB 94, SB 116, SB 128, SB 139, SB 140, SB 163, SB 247, SB 258, SB 262, SB 263, SB 269, SB 296, SB 346, SB 451, SB 521, SB 535, SB 555, SB 557 SB 606, SB 611, SB 613, SB 646, SB 652, SB 676, SB 678 & SB 693

SOURCES OF INFORMATION

LFC Files

SUMMARY

Synopsis of Bill

House Bill 904 appropriates \$280,000 from the General Fund to the Department of Finance and Administration for expenditure in fiscal year 2010 to pay the organizational and operational costs of the state ethics commission if one is created pursuant to House Appropriations and Finance Committee Substitute for House Judiciary Committee Substitute for House Bills 151 and 614 or similar legislation of the first session of the 49th legislature.

The House Appropriations & Finance Committee substitute for House Bill 151 & House Bill 614 creates State Ethics Commission Act (Act) and creates a seven member commission as an adjunct agency. The bill defines the membership, terms, powers and duties of the State Ethics Commission (SEC). The SEC is required to receive and investigate complaints against state officials, state employees, government contractors and lobbyists alleging ethics violations, report its findings and maintain public records as required pursuant to the Act.

The SEC will also be required to draft a proposed code of ethics for all state officials and state employees of the executive branch and submit the proposed code to each elected state official of the executive branch for adoption. In addition, the SEC will be required to promulgate rules necessary to implement and administer the act. The SEC may offer annual ethics training to all state officials, state employees, government contractors and lobbyists and may provide both an ethics guide and a business ethics guide for all state officials, state employees, government contractors and lobbyists.

FISCAL IMPLICATIONS

The appropriation of \$280,000 contained in this bill is a recurring expense to the General Fund. Any unexpended or unencumbered balance remaining at the end of fiscal year 2010 shall revert to the General Fund.

In HB 151 & 614/HAFCS the newly created State Ethics Commission is given the authority to hire an executive director, a general counsel and other staff as necessary to carry out its responsibilities. Funding will also be needed to cover operating costs, publications of ethics manuals, training for all State officials, State employees, government contracts and lobbyists, as well as mileage and per diem for SEC members.

There will be a minimal administrative cost for statewide update, distribution and documentation of statutory changes. Any additional fiscal impact on the judiciary would be proportional to the enforcement of this law and commenced prosecutions. New laws, amendments to existing laws and new hearings have the potential to increase caseloads in the courts, thus requiring additional resources to handle the increase

The \$5,000 above is the best estimate for minimal administrative cost.

SIGNIFICANT ISSUES

This legislation is a result of recommendations of a task force on ethics reform in its report submitted on October 4, 2006. The task force was established to study the issues of governmental ethics and campaign finance reform in an attempt to improve ethical behavior in state government.

The task force recommended establishing an independent SEC to promote increased accountability for ethical behavior among state officials and employees, lobbyists and those that conduct business with the state. In the 2007 and 2008 legislative session similar bills were introduced, but failed to pass.

The appropriation in HB 904 will revert to the General Fund if the SEC is not enacted in a companion bill.

ADMINISTRATIVE IMPLICATIONS

Until the staffing requirements of the agency are determined and the agency begins operation, it is difficult to assess what appropriation level will be sufficient to adequately fund the SEC.

RELATIONSHIP

The H AFC substitute to House Bills 151 & 614 creates the SEC and House Bill 904 funds the SEC.

House Bill also relates to the following ethics bills:

- HB 99, Prohibit Former Legislators as Lobbyists
- HB 244, Prohibit Contractor Contribution Solicitation
- HB 252, Political Contributions to Candidates
- HB 253, Quarterly Filing of Certain Campaign Reports
- HB 272, Quarterly Campaign Report Filing
- HB 495, Political Candidate & Committee Donations
- HB 535, Lobbyist Identification Badges
- HB 550, Local School Board Governmental Conduct
- HB 553, Disclosure of Lobbyist Expenses
- HB 646, School Board Candidate Contribution Info
- HB 686, AG Prosecution of State Officer Crimes
- HB 808, Tax-Exempt Election Contributions & Reporting
- HB 891, Election Communication Contribution Reporting
- HB 850, Governmental Conduct Act for All Employees
- HB 878, State Contractor Registration & Info
- HB 883, Clean Government Contracting Act
- SB 49, Governmental Conduct Act For Public Officers
- SB 94, Prohibit Former Legislators as Lobbyists
- SB 116, Limit Contributions to Candidates & PACs
- SB 128, Require Biannual Campaign Reports
- SB 139, State Ethics Commission Act
- SB 140, State Ethics Commission Act
- SB 163, Prohibit Former Legislators as Lobbyists
- SB 247, Election Agent Registration Requirements
- SB 258, Contribution from State Contractors
- SB 262, Political Contributions to Candidates
- SB 263, Contractor Disclosure of Contributions
- SB 269, State Bipartisan Ethics Commission Act
- SB 296, State Contractor Contribution Disclosure
- SB 346, Political Contributions to Candidates
- SB 451, Contributions to PERA Board Candidates
- SB 521, Campaign Contributions in Certain Elections
- SB 535, Election Definition of Political Committee
- SB 555, Public Employee & Officer Conduct
- SB 557, State Ethics Commissions Act
- SB 606, Expand Definition of Lobbyist
- SB 611, Investment Contractor Contributions
- SB 613, Campaign Finance Changes

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SB 646, Judicial Candidate Campaign Contributions
SB 652, Campaign Reporting Private Cause of Action
SB 676, School Board Candidate Contributions
SB 678, School Board Candidate Contributions
SB 693, Prohibit Certain Contributions to Candidates

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