

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 78TH LEGISLATIVE REGULAR SESSION

March 9, 2003

TO: Honorable Steven Wolens, Chair, House Committee on Ethics, Select

FROM: John Keel, Director, Legislative Budget Board

IN RE: HB795 by Solomons (Relating to the functions of the Texas Ethics Commission.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB795, As Introduced: a negative impact of (\$132,250) through the biennium ending August 31, 2005.

House Bill 795 is the sunset bill relating to the powers and duties of the Texas Ethics Commission, including powers and duties relating to sworn complaints. The bill requires the Ethics Commission to adopt rules prescribing those who are eligible to claim an exemption from electronic filing of campaign finance reports, requires district judges and multi-county district attorneys to file electronically, and requires the Ethics Commission to develop and implement an electronic filing system for lobbyists. The bill amends Chapters 571 and 305, Government Code, and Chapters 252 and 254, Election Code. The bill takes effect September 1, 2003.

General Revenue-Related Funds, Five-Year Impact:

| Fiscal Year | Probable Net Positive/(Negative) Impact to General Revenue Related Funds |
|-------------|--|
| 2004 | (\$66,125) |
| 2005 | (\$66,125) |
| 2006 | (\$114,605) |
| 2007 | (\$114,605) |
| 2008 | (\$114,605) |

All Funds, Five-Year Impact:

| Fiscal Year | Probable Revenue Gain from <i>GENERAL REVENUE FUND</i> 1 | Probable Revenue (Loss) from <i>GENERAL REVENUE FUND</i> 1 | Change in Number of State Employees from FY 2003 |
|-------------|---|---|---|
| 2004 | \$186,806 | (\$252,931) | 2.0 |
| 2005 | \$48,480 | (\$114,605) | 2.0 |
| 2006 | \$0 | (\$114,605) | 2.0 |
| 2007 | \$0 | (\$114,605) | 2.0 |
| 2008 | \$0 | (\$114,605) | 2.0 |

Fiscal Analysis

The bill would grant subpoena power to the Texas Ethics Commission for documents and other materials. In addition, this bill would eliminate the informal hearing stage from the complaint process and require the agency to make a sworn complaint form available on the Internet. Furthermore, Section 254.124, Election code would be repealed regarding exemption from electronic filing for

district judges, district attorneys, and judges of multi-county statutory county courts. This bill would also require the agency to develop and implement an electronic filing system for lobbyists.

Methodology

This bill would grant subpoena power to the Texas Ethics Commission for documents and other materials. This analysis assumes that 25% of the 100 sworn complaints that the agency averages would involve at least one subpoena. The cost to issue a subpoena in Travis County is \$45.00, therefore, it is estimated that this provision would create an increased total cost of \$1,125 per fiscal year.

The bill would also require the agency to post a sworn complaint form on the Internet. Currently, the agency sends complaint form to individuals that call the agency, and staff is able to briefly discuss the issue. If the issue does not fall within the jurisdiction of the agency, staff is able to make the caller aware, thus reducing the amount of forms sent to the agency. This analysis assumes that the agency will receive a significant increase in forms sent to the agency and would require an additional Attorney II position at a cost of \$50,000 per fiscal year

The bill would also remove the informal hearing process, one of three hearings stages from the complaint process. This analysis assumes that of the 100 complaints that the agency receives per fiscal year, 5 percent would reach the formal hearing stage due to the removal of the informal hearing process. The average cost per hearing, as indicated by the agency, associated with State Office of Administrative is \$3,000 per hearing. Therefore, a \$15,000 per fiscal year cost can be associated with this revised process.

The bill would also remove the exemption for electronic filing for district judges and district attorneys. This revision would increase the number of filings, but should result in no significant fiscal impact to the state.

The bill would also require the agency to develop an electronic filing system for lobbyists. This analysis assumes that this provision would significantly increase the amount of electronic filing. The commission currently utilizes three servers to receive and store electronic filing of campaign finance reports. Therefore, an additional two servers and associated software would be required to implement this provision. The total cost for two additional servers would be \$138,326 and software to support those servers would be \$21,480. An additional Systems Support Specialist II would also be needed to support the increased number of electronic filers at a cost of \$27,000 per fiscal year. However, the bill provides for cost recovery in the form of increased lobbyist fees for calendar years 2004 and 2005. Therefore, no significant fiscal impact would be associated with this provision for fiscal years 2004 and 2005. The associated cost for software and the additional technical support position after fiscal year 2005 would be \$37,140 per fiscal year.

The bill would also require the agency to develop a confirmation mechanism concerning the electronic filing system for all individuals that file reports electronically. This analysis assumes that there would be no significant fiscal impact to the state for this provision.

Technology

The bill would require the purchase of two additional servers and support software.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 116 Sunset Advisory Commission, 304 Comptroller Of Public Accounts, 356 Texas Ethics Commission

LBB Staff: JK, GO, MS, JM