

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 78TH LEGISLATIVE REGULAR SESSION**

**April 30, 2003**

**TO:** Honorable Mary Denny, Chair, House Committee on Elections

**FROM:** John Keel, Director, Legislative Budget Board

**IN RE: HB1579** by Gallego (Relating to the regulation of certain political contributions, political expenditures, and political advertising; providing civil and criminal penalties.), **As Introduced**

**Estimated Two-year Net Impact to General Revenue Related Funds** for HB1579, As Introduced: a negative impact of (\$461,024) through the biennium ending August 31, 2005.

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
2004	(\$361,862)
2005	(\$99,162)
2006	(\$102,662)
2007	(\$99,162)
2008	(\$102,662)

**All Funds, Five-Year Impact:**

Fiscal Year	Probable Savings/ (Cost) from <i>GENERAL REVENUE FUND 1</i>	Probable Revenue Gain/(Loss) from <i>GENERAL REVENUE FUND 1</i>	Probable Revenue Gain/(Loss) from <i>Fair Campaign Spending Fund</i>	Probable Savings/ (Cost) from <i>Fair Campaign Spending Fund</i>
2004	(\$351,362)	(\$10,500)	\$10,500	(\$10,500)
2005	(\$92,162)	(\$7,000)	\$7,000	(\$7,000)
2006	(\$92,162)	(\$10,500)	\$10,500	(\$10,500)
2007	(\$92,162)	(\$7,000)	\$7,000	(\$7,000)
2008	(\$92,162)	(\$10,500)	\$10,500	(\$10,500)

Fiscal Year	Change in Number of State Employees from FY 2003
2004	2.0
2005	2.0
2006	2.0
2007	2.0
2008	2.0

## **Fiscal Analysis**

The bill requires the designation of a principle political committee. The bill provides additional reporting requirements for principle political committees, legislative caucuses, out-of-state political committees, and state political parties. The bill also provides certain restrictions on political contributions, political expenditures, and political advertising. It also creates the Fair Campaign Spending Fund.

This bill also requires the Secretary of State to make a candidate's guide available to newspapers throughout the state to publish at their discretion. This guide would need to be provided for the primary and general elections. All costs associated with this guide will be funded out of contributions collected by the Texas Ethics Commission in the new fund created by this bill.

## **Methodology**

The Ethics Commission anticipates needing an additional attorney and administrative technician as a result of the increased workload and duties associated with administering provisions of the bill, including the Fair Campaign Spending Fund. The Commission anticipates these costs to be \$92,162 a fiscal year. In addition, the bill will require programming changes to the electronic filing software, web filing application, and internal database. In order to complete these programming changes the Commission anticipates needing 3 programmers at \$120 per hour to work 18 weeks for a total of \$259,200 in fiscal year 2004.

The Fair Campaign Spending Fund consists of civil penalties collected by the Ethics Commission, unexpended political contributions provided to the Commission, and any gifts or grants received by the Commission or the SOS. The Ethics Commission and Secretary of State (SOS) anticipate the revenue generated for the Fund to be approximately \$10,500 in fiscal year 2004 and \$7,000 in fiscal year 2005. These amounts are based on the revenue collected from penalties imposed through the sworn complaint process. The Ethics Commission has never received unexpended contributions, and neither the Ethics Commission nor the SOS has received gifts or grants.

The Secretary of State anticipates the costs associated with the production of the candidates guide to be \$10,500 in fiscal year 2004 and \$7,000 in fiscal year 2005. These costs are based on the number of primary and general election races, number of newspapers in the state, copy charges, and postage.

## **Local Government Impact**

No fiscal implication to units of local government is anticipated.

**Source Agencies:** 307 Secretary of State, 356 Texas Ethics Commission

**LBB Staff:** JK, GO, JM, JF, KG