

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION

April 15, 2009

TO: Honorable Todd Smith, Chair, House Committee on Elections

FROM: John S. O'Brien, Director, Legislative Budget Board

IN RE: HB3924 by Pena (Relating to filing with the Texas Ethics Commission disclosure reports relating to political contributions and political expenditures made in connection with offices and measures of local governmental entities and to contracts with local governmental entities.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB3924, As Introduced: a negative impact of (\$2,753,819) through the biennium ending August 31, 2011.

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
2010	(\$2,405,072)
2011	(\$348,747)
2012	(\$339,811)
2013	(\$339,811)
2014	(\$339,811)

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/(Cost) from General Revenue Fund 1	Change in Number of State Employees from FY 2009
2010	(\$2,405,072)	3.0
2011	(\$348,747)	5.0
2012	(\$339,811)	5.0
2013	(\$339,811)	5.0
2014	(\$339,811)	5.0

Fiscal Analysis

The bill would amend statute and allow local government officials to file campaign finance reports, personal financial statements, conflict of interest reports, and other local government reports with the Texas Ethics Commission either by paper copy or through an electronic means. In addition, the Ethics Commission would provide entities with software to file disclosure reports related to expenditures and contributions.

Methodology

The Ethics Commission has indicated that an additional 8,000 individuals could file various campaign finance reports, financial statements, conflict of interest reports, etc, with the agency through paper copies or electronically and require the filing software. In order to provide updated filing software to local government officials filing electronically, the Ethics Commission indicated that it would contract with the Department of Information Resources (DIR) and use Texas Online, Texas' web portal, to allow individuals to file certain documents electronically and to develop and update the electronic filing software. DIR estimates software development costs to be \$2,000,000 in fiscal year 2010 out of the General Revenue Fund (GR) and estimates approximately 1 year to develop the software. DIR estimates that \$200,000 in fiscal year 2010 out of GR would be needed for Texas Online infrastructure, such as production, development, testing, support, and transition costs. DIR further estimates that an additional \$100,000 in fiscal year 2011 and each fiscal year thereafter out of GR would be required to provide for ongoing operational costs of the system, such as data center services and other maintenance costs.

The Ethics Commission would also require 3 additional staff starting in fiscal year 2010 to provide training, assistance with information requests, and assist with storage of paper copies for those individuals that do not file electronically, at a cost of \$84,000 in salaries and wages each fiscal year out of GR. An additional \$23,999 each fiscal year would be required out of GR to pay benefits and would be appropriated to the Employee Retirement System. A one-time cost of \$86,534 in fiscal year 2010 out of GR would be required for computers, telephones, desks, filing cabinets, a scanner, and a server. Ongoing operating costs of \$10,539 would be required each fiscal year thereafter for items such as labels, postage, utilities, etc. An additional 2 FTEs would be required starting in fiscal year 2011 to assist with technical questions and support once the electronic filing system is in place at a cost of \$89,000 in salaries and wages each fiscal year out of GR. An additional \$25,427 each fiscal year would be required out of GR to pay benefits and would be appropriated to the Employee Retirement System. A one-time cost of \$8,756 in fiscal year 2011 out of GR would be required for computers, telephones, desks, etc. Ongoing operating costs of \$7,026 would be required each fiscal year for items such as labels, postage, utilities, etc.

The Ethics Commission has also indicated that implementing the provisions of the bill could increase the number of sworn complaints that the agency receives as a result of posting information regarding local governmental officers on the agency website. This increase in sworn complaints could increase the workload of the agency in the future and, as a result, require additional staff in future years.

Local Government Impact

The bill would permit a local governmental entity or a local governmental officer who petitions a local governmental entity to utilize the Texas Ethics Commission's software, and other resources to file a report relating to expenditures and contributions, regardless of whether the report is provided voluntarily or required by law. However, the fiscal impact to local governmental entities to implement the provisions of the bill is not anticipated to be significant.

Source Agencies: 356 Texas Ethics Commission

LBB Staff: JOB, TP, MS, JM