

**Drafting Number:** LLS 12-0463 **Prime Sponsor(s):** Rep. Lee Date:February 28, 2012Bill Status:House SVMAFiscal Analyst:Kirk Mlinek (303-866-4782)

HB12-1279

# **TITLE:** CONCERNING THE PUBLIC FINANCING OF ELECTIONS TO THE GENERAL ASSEMBLY.

Fiscal Impact Summary	FY 2012-13	FY 2013-14	FY 2014-15	
State Revenue Cash Funds Colorado Citizen-funded Campaigns Fund*		\$71,438	\$23,813	
State Expenditures Cash Funds Colorado Citizen-funded Campaigns Fund		\$173,758	\$149,574	
FTE Position Change		2.1 FTE	2.3 FTE	
<b>Effective Date:</b> August 8, 2012, if the General Assembly adjourns on May 9, 2012, as scheduled, and no referendum petition is filed.				
Appropriation Summary for FY 2012-2013: See State Appropriations section.				
Local Government Impact: None.				

\* Estimated revenue is from eligible contributions from participating candidates. Actual revenue will depend on the number of participating candidates and the receipt of any gifts, grants, and donations.

### **Summary of Legislation**

The bill creates a system to publicly finance campaigns of candidates who are running for a state House or Senate seat in the Colorado General Assembly. Among other things, the bill does the following:

- creates the Colorado Citizen-funded Campaigns Commission (commission) to administer and enforce the system;
- establishes an exploratory period during which candidates seeking to become eligible for public funding may raise and spend a limited amount of private seed money;
- defines eligibility for candidates agreeing to participate in the new financing system;
- establishes a period during which a candidate is permitted to collect contributions in order to qualify for moneys from the fund;
- establishes limitations on acceptable contributions for candidates who voluntarily agree to be bound by the requirements of the financing system created in the bill;

Page 2 February 28, 2012

- establishes the number of debates in which a participating candidate must participate; and
- establishes a formula that the commission must use to determine the pro rata share of funding for each participating candidate.

The commission will be comprised of seven members appointed by the Governor and Senate and House leadership. The bill authorizes the commission to exercise its powers as if it were transferred to the Department of State (department) by a type 1 transfer. Commissioners are not eligible for compensation, but may be reimbursed for reasonable expenses for attending meetings.

For information purposes, a type 1 transfer means that the commission is authorized to exercise its prescribed statutory powers, duties, and functions independent of the department. Any powers, duties, and functions not expressly vested by statute in the agency being transferred must be performed under the direction and supervision of the department. Examples of the latter include budgeting, purchasing, planning, and related management functions.

## State Revenue

The bill will not affect state revenue in FY 2012-13, but is estimated to result in revenue of \$71,438 being deposited in the Colorado Citizen-funded Campaigns Fund in FY 2013-14, and \$23,813 in FY 2014-15. These amounts are based on qualifying contributions received and submitted by candidates. Other potential sources of revenue, not included in this estimate, include all excess seed moneys submitted by candidates, unspent moneys submitted by a candidate who drops out of a race, unspent moneys submitted by a candidate after a primary and general election, fine revenue resulting from commission enforcement actions, interest, legislative appropriations, and gifts grants, or donations. The fiscal note is based on the following assumptions:

- the maximum number of candidates who could participate in any election cycle is equal to the 65 House districts and one-half of the Senate districts (17 or 18) multiplied by two, or 166 candidates;
- one-half of the candidates in any primary or general election will seek funding from the commission; and
- three-fourths of the revenue will be collected in FY 2013-14 and the remaining one-fourth will be collected in FY 2014-15.

*Qualifying contributions.* Under the bill, candidates for the House are required to raise a minimum of 150 qualifying contributions of no more than \$5 each in order to apply for funding from the commission. Senate candidates are required to raise a minimum of 300 qualifying contributions of no more than \$5 each. Given these requirements and the assumptions noted above, the revenue estimate is calculated as shown in Table 1.

Table 1. Revenue Estimates Under HB12-1279					
Revenue Components*	FY 2013-14	FY 2014-15			
Primary Election					
16 House candidates x \$750 each in qualifying contributions	\$9,000	\$3,000			
5 Senate candidates x \$1,500 each in qualifying contributions	<u>5,625</u>	<u>1,875</u>			
Subtotal Primary Election	14,625	4,875			
General Election					
65 candidates x \$750 each in qualifying contributions	36,563	12,188			
18 candidates x \$1,500 each in qualifying contributions	<u>20,250</u>	<u>6,750</u>			
Subtotal General Election	56,813	18,938			
TOTAL	\$71,438	\$23,813			

\*Assumes 50% participation rate; revenue split 75/25 between FY 2013-14 and FY 2014-15.

*Other funding sources.* The fiscal note does not estimate revenue that will result from unspent moneys, moneys left over after primary and general elections, fine revenue, legislative appropriations, or gifts, grants, or donations. The fiscal note will updated if additional information on these revenue sources becomes available.

### **State Expenditures**

The bill will not affect expenditures in FY 2012-13, but expenditures for the Colorado Citizen-funded Campaigns Commission will increase by \$173,758 and 2.1 FTE in FY 2013-14. For FY 2014-15, commission expenditures are estimated at \$149,574 and 2.3 FTE to reflect full-year operations. Table 2 below shows expenditures under the bill based on the assumptions that the commission:

- will be appointed by July 1, 2013;
- will be comprised of four nonMetro members and three Metro-area members;
- will meet six times per year;
- will hire a director and administrative assistant by September 1, 2013, at a cost of \$84,811 and 1.6 FTE for FY 2013-14; and
- will utilize the Department of Law for 900 hours of legal services in FY 2013-14, and 450 hours of legal services in FY 2014-15. These expenditures total \$68,139 and 0.5 FTE, and \$34,070 and 0.3 FTE, respectively.

Table 2. Expenditures Under HB12-1279				
Cost Components	FY 2013-14	FY 2014-15		
Personal Services	\$84,811	\$102,182		
FTE	2.1	2.3		
Operating Expenses and Capital Outlay	9,386	1,900		
Commission Expenses	11,422	11,422		
Legal Services	68,139	34,070		
TOTAL	\$173,758	\$149,574		

*Funding.* Based on assumptions in the fiscal note, expenditures outpace revenue based on assumed revenue estimates. Absent revenue from other permissible sources it is assumed that a General Fund appropriation will be required to implement the bill as assumed in the fiscal note.

#### **Expenditures Not Included**

Pursuant to a Joint Budget Committee policy, certain costs associated with this bill are addressed through the annual budget process and centrally appropriated in the Long Bill or supplemental appropriations bills, rather than in this bill. The centrally appropriated costs subject to this policy are summarized in Table 3.

Table 3. Expenditures Not Included Under HB12-1279*				
Cost Components	FY 2013-14	FY 2014-15		
Employee Insurance (Health, Life, Dental, and Short-term Disability)	\$10,178	\$12,263		
Supplemental Employee Retirement Payments	4,522	6,272		
TOTAL	\$14,700	\$18,535		

\*More information is available at: http://colorado.gov/fiscalnotes

#### **State Appropriations**

Given the bill's assumed implementation time line, no appropriation is required for FY 2012-13.

# **Departments Contacted**

State Law Local Affairs Treasury Governor Counties Judicial State Planning and Budgeting Clerks