

**STATE and LOCAL
FISCAL IMPACT**

Drafting Number: LLS 13-0514

Date: January 31, 2013

Prime Sponsor(s): Rep. Wright

Bill Status: House SVMA

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TITLE: CONCERNING THE APPLICATION OF THE PUBLIC OFFICIAL DISCLOSURE LAW TO CERTAIN APPOINTED PUBLIC OFFICIALS.

Fiscal Impact Summary	FY 2013-2014	FY 2014-2015
State Revenue		
State Expenditures		
Cash Funds		
Department of State Cash Fund	\$64,908	\$35,005
FTE Position Change	1.0 FTE	1.0 FTE
Effective Date: July 1, 2013.		
Appropriation Summary for FY 2013-2014: See State Appropriations section.		
Local Government Impact: See Local Government Impact section.		

Summary of Legislation

The bill extends financial disclosure and gift and honoraria disclosure requirements of the public official disclosure law to:

- an individual who is serving as the head of a principal department of the Executive Branch of state government or of a state agency;
- the manager, executive, or administrator of a city or county; and
- local government department heads.

These disclosures will be submitted to the Secretary of State (SOS) each quarter. The bill defines "local government" to mean a county, home rule or statutory city, town, territorial charter city, or city and county. For the definition of "state agency" the bill references Section 24-18-102 (9), C.R.S., with the definition including:

- the state;
- the general assembly and its committees;
- every executive department, board, commission, committee, bureau, and office;

- every state institution of higher education, whether established by the state constitution or by law, and every governing board thereof; and
- every independent commission and other political subdivision of the state government except the courts.

Background

Current public disclosure law requires members of the General Assembly, the governor, lieutenant governor, secretary of state, attorney general, state treasurer, justices or judges of court of record, district attorneys, state board of education members, members of the Board of Regents, and members of the Public Utilities Commission to make periodic disclosure to the secretary of state. Disclosure requirements also apply to an incumbent who is leaving office between October 15 and January 15. Generally, the following must be disclosed:

- any gift or other thing of value worth more than \$53;
- any payment for a speech, appearance, or publication;
- payment of, or reimbursement for, travel and lodging for attendance at a convention, fact-finding trip, or other meeting the official is permitted to accept or receive; and
- any gift of a meal at a fund-raising event of a political party.

State Expenditures

Expenditures in the SOS will increase by \$64,908 in FY 2013-14 and 1.0 FTE, and by \$35,005 and 1.0 FTE in FY 2014-15 and beyond. Of this amount, in FY 2013-14, the SOS will incur one-time programming costs of \$25,200 to make changes to its existing campaign finance reporting database, TRACER. The system will be modified to permit electronic filing of personal financial disclosure and gift and honoraria reports. This cost is based upon costs incurred by the SOS to implement the filing of electronic candidate affidavits in early 2012.

Although the system will then allow for electronic filing, the expansion of the public disclosure law to upwards of 3,000 additional officials means the SOS will experience an increase in call volume from filers who have process questions. The SOS will hire one FTE at the state service trainee IV level to manage the process and to field calls. Expenditures under the bill are summarized in Table 1.

Table 1. Expenditures Under HB13-1099		
Cost Components	FY 2013-14	FY 2014-15
Personal Services	\$34,055	\$34,055
FTE	1.0	1.0
Operating Expenses and Capital Outlay	5,653	950
TRACER Programming	25,200	
TOTAL	\$64,908	\$35,005

Generally, entities affected by the bill will incur workload increases associated with the preparation and filing of required disclosures. The fiscal note assumes that these increase will be absorbed within existing appropriations. Some institutions of higher education may experience an increase in costs if certain provisions of the public disclosure law are interpreted as limiting moneys that may be received by a higher education CEO to defray expenses related to "official duties undertaken." For example, Adams State University may be required to use institutional funds to cover between \$20,000 and \$25,000 in place of cash or other considerations received.

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 2.

Table 2. Expenditures Not Included Under HB 13-1099*		
Cost Components	FY 2013-14	FY 2014-15
Employee Insurance (Health, Life, Dental, and Short-term Disability)	\$6,682	\$6,682
Supplemental Employee Retirement Payments	2,090	2,365
TOTAL	\$8,772	\$9,047

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

Local Government Impact

The bill adds appointed local government officials to the list of those required to report under the public officials disclosure law. This will result in an increase in administrative and reporting costs for local governments.

State Appropriations

For FY 2013-14, the Department of State requires an appropriation of \$64,908 from the Department of State Cash Fund.

Departments Contacted

All Departments Counties Municipalities Special Districts