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FISCAL NOTE

Drafting Number: LLS 19-0841 Date: April 8, 2019
Prime Sponsors: Sen. Foote Bill Status: Senate SVMA
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Bill Topic: CAMPAIGN FINANCE ENFORCEMENT

- Summary of Fiscal Impact:
- State Revenue
- State Expenditure
- State Transfer
- TABOR Refund
- Local Government
- Statutory Public Entity

This bill codifies current Secretary of State rules governing enforcement of campaign finance laws. On an ongoing basis, these changes increase costs in the Department of State, and decrease workload and costs in the Department of Personnel and Administration.

Appropriation Summary: No appropriation is required.

Fiscal Note Status: This fiscal note reflects the introduced bill.

Table 1
State Fiscal Impacts Under SB 19-232

Table with 4 columns: Category, Sub-category, FY 2019-20, FY 2020-21. Rows include Revenue, Expenditure (Cash Funds, FTE), Transfer, and TABOR Refund.

Summary of Legislation

The bill codifies current rules promulgated by the Department of State regarding campaign finance law enforcement. Specifically, the bill codifies provisions that outline procedures for complaint filing, complaint review by the Department of State's elections division, methods to cure a campaign finance law violation, investigation of unresolved complaints, conduct of hearings, and advisory opinions.

Background

The rules codified by the bill were promulgated by the Department of State on June 19, 2018, as a result of the ruling in *Holland v. Williams*, in which the U.S. District Court held that private enforcement in Colorado's campaign finance system was unconstitutional. Under the system in place prior to the adoption of the June 19, 2018 rules, campaign finance complaints were referred to administrative law judges in the Office of Administrative Courts (OAC) in the Department of Personnel and Administration (DPA), without being reviewed by the Department of State. Under the new rules and the bill, the Department of State conducts a review of complaints filed. The Department of State included the costs to perform these reviews in their FY 2019-20 annual budget request and received funding through the FY 2019-20 Long Bill.

State Expenditures

The bill increases cash fund expenditures in the Department of State by \$217,324 and 3.0 FTE per year starting in FY 2019-20. Costs and workload are decreased in DPA. These cost impacts are discussed below.

Department of State. To implement the new campaign finance enforcement system under the Department of State rules, as codified by this bill, costs for the Department of State will increase by \$217,324 and 3.0 FTE per year starting in FY 2019-20. Funding to implement the rules is included in the FY 2019-20 Long Bill, SB 19-207. Therefore, no appropriation is required in this bill, assuming the Long Bill is enacted with this funding included.

Office of Administrative Courts. Because campaign finance complaints are no longer directly referred to an administrative law judge, workload and costs in the OAC will decrease by approximately 150 hours per year. Assuming a rate of \$64 per hour, this results in a cost savings of approximately \$9,600 in reappropriated funds. Because funding for the OAC is set based on caseload in previous years based on actual usage by client agencies, any adjustment in appropriations will be made through the annual budget process.

Effective Date

The bill takes effect upon signature of the Governor, or upon becoming law without his signature.

State and Local Government Contacts

Personnel Secretary of State