



Legislative Council Staff
Nonpartisan Services for Colorado's Legislature

Final Fiscal Note

Drafting Number: LLS 24-0325 Date: May 15, 2024
Prime Sponsors: Rep. Story; Parenti Bill Status: Deemed Lost
Sen. Marchman; Gonzales Fiscal Analyst: John Armstrong | 303-866-6289
john.armstrong@coleg.gov

Bill Topic: INDEPENDENT ETHICS COMMISSION JURISDICTION

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

The bill would have placed employees of school districts and special districts under the jurisdiction of the Independent Ethics Commission. The bill would have increased state and local expenditures on an ongoing basis beginning in FY 2024-25.

Appropriation Summary: For FY 2024-25, the bill would have required an appropriation of \$94,276 to the Judicial Department.

Fiscal Note Status: The final fiscal note reflects the introduced bill, as amended by the House Transportation, Housing, and Local Government Committee. The bill was deemed lost in the House Appropriations Committee on May 9, 2024; therefore, the impacts identified in this analysis do not take effect.

Table 1
State Fiscal Impacts Under HB 24-1073

Table with 4 columns: Category, Budget Year FY 2024-25, and Out Year FY 2025-26. Rows include Revenue, Expenditures (General Fund, Centrally Appropriated, Total Expenditures, Total FTE), Transfers, and Other Budget Impacts (General Fund Reserve).

Summary of Legislation

The bill expands the jurisdiction of the Independent Ethics Commission in the Judicial Department to include public officials and employees of school districts and special districts. Complaints to the commission may include any ethical issue arising under the constitution, or under the code of ethics as proscribed by current law for employees and officials of local governments.

Background and Assumptions

The Independent Ethics Commission (IEC) is an independent agency in the Judicial Department with the power to hear complaints, issue findings, and assess penalties on ethics issues arising under the constitution and other statutory standards of conduct and reporting requirements. The commission has jurisdiction to hear complaints concerning employees and public officials of the executive and legislative branch, institutions of higher education, or any county or municipal government. Under current law, the IEC has jurisdiction over approximately 125,000 individuals, made up of employees and officials of state and local governments, including municipalities and counties. The bill is assumed to add approximately 34,750 individuals employed by or officers of school districts and special districts to the IEC's jurisdiction.

State Expenditures

The bill increases state expenditures in the IEC in the Judicial Department by \$111,604 in FY 2024-25 and by \$131,168 in FY 2025-26 and future fiscal years, paid from the General Fund. State expenditures are displayed in Table 2 and discussed below.

Table 2
Expenditures Under HB 24-1073

	FY 2024-25	FY 2025-26
Independent Ethics Commission		
Personal Services	\$86,582	\$108,228
Operating Expenses	\$1,024	\$1,280
Capital Outlay Costs	\$6,670	-
Centrally Appropriated Costs ¹	\$17,328	\$21,660
Total Cost	\$111,604	\$131,168
Total FTE	0.8 FTE	1.0 FTE

¹ Centrally appropriated costs are not included in the bill's appropriation.

Independent Ethics Commission

IEC staff. The IEC requires an additional 1.0 FTE for an investigator and outreach assistant to handle more complaints as a result of the additional persons under these jurisdictions. The assistant will conduct investigations, issue advisory opinion and letter ruling requests, and assist with outreach and training programs for school districts and special districts. Costs are prorated to assume a September 2024 start date in FY 2024-25, and standard capital outlay and operating costs are included.

Legal services. The IEC may require legal services provided by the Department of Law to address complaint caseload from the districts, and for subsequent litigation and appeals. These costs are initially anticipated to be absorbed by the IEC's legal services budget in FY 2024-25; with any increase in appropriations addressed through the annual budget process.

Centrally appropriated costs. 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. These costs, which include employee insurance and supplemental employee retirement payments, are shown in Table 2.

Other Judicial Department Impacts

Denver District Court. Under current law, Denver District Court is mandated to provide judicial review for IEC decisions. The bill potentially increases the number of decision reviews each year; however, the number of reviews and subsequent appeals have been historically low, and no change in appropriations is required.

State Court Administrator's Office. New IEC staff increases workload and staffing needs in the State Court Administrator's Office to provide accounting, information technology, and human resources support. The office may incur expenses for other contracted IT services to the IEC, including software and server storage. These IT expenses will be addressed through the annual budget process, as necessary.

Other Budget Impacts

General Fund reserve. Under current law, an amount equal to 15 percent of General Fund appropriations must be set aside in the General Fund statutory reserve. Based on this fiscal note, the bill is expected to increase the amount of General Fund held in reserve by the amounts shown in Table 1, decreasing the amount of General Fund available for other purposes.

Local Government and School Districts

School districts and special districts will have increased expenses whenever they respond to allegations brought before the IEC on behalf of an officer or employee, primarily for legal representation. This expense cannot be estimated and will vary by jurisdiction.

Effective Date

The bill takes effect 90 days following adjournment of the General Assembly sine die, assuming no referendum petition is filed.

State Appropriations

For FY 2024-25, the bill requires a General Fund appropriation of \$94,246 to the Independent Ethics Commission in the Judicial Department, and 0.8 FTE.

State and Local Government Contacts

Counties	Independent Ethics Commission	Municipalities
Special District Association		

The revenue and expenditure impacts in this fiscal note represent changes from current law under the bill for each fiscal year. For additional information about fiscal notes, please visit the [General Assembly website](#).