

FISCAL IMPACT OF PROPOSED LEGISLATION

80th Oregon Legislative Assembly – 2020 Regular Session
Legislative Fiscal Office

Measure: HB 4123 - 3

*Only Impacts on Original or Engrossed
Versions are Considered Official*

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Measure Description:

Requires statement of economic interest to include certain information about sources of income for business in which public official or candidate, or member of household of public official or candidate, is officer or holds directorship if source of income has legislative or administrative interest and 10 percent or more of total gross annual income of business comes from that source of income.

Government Unit(s) Affected:

Oregon Government Ethics Commission (OGEC), Secretary of State (SOS), Department of Justice

Summary of Fiscal Impact:

Costs related to the measure are indeterminate at this time, but they may require budgetary action - See explanatory analysis.

Analysis:

ORS 244.050 requires elected officials, candidates for elected office, and certain appointed state officials to file a statement of economic interest each year with the Oregon Government Ethics Commission. The measure requires a statement of economic interest to include certain information about sources of income from any business in which the public official or candidate, or a member of the household of the public official or candidate, is an officer or holds a directorship, provided the source of income has a legislative or administrative interest and at least 10 percent of the business's total gross annual income comes from that source. The measure also prohibits a candidate or a candidate's principal campaign committee from spending campaign funds on professional services rendered by any business (with some exceptions) required to be listed on the candidate's statement of economic interest.

Oregon Government Ethics Commission

The Oregon Government Ethics Commission (OGEC) would need to modify its electronic filing system to collect the required information from a candidate or public official's statement of economic interest. Potential modifications might include changes to the statement of economic interest form, the ability to upload documents and associated reports, and other related actions. OGEC pays an annual maintenance fee to software developers to manage its electronic filing system and any modifications or additions to it. Any increase to OGEC's annual maintenance fee would in turn increase the fee it assesses to state agencies and local governments that support OGEC's budget. OGEC is currently unable to provide an estimate of how much it would cost to modify its electronic filing system. Given this uncertainty, the measure's potential development costs are indeterminate. If OGEC submits an estimate, this fiscal impact statement will be revised to reflect the development costs to modify its electronic filing system.

Secretary of State

The Elections Division of the Secretary of State (SOS) would have to enforce the prohibition in the measure against expending campaign funds on professional services rendered by any business required to be listed on the candidate's statement of economic interest. If a candidate or principal campaign committee were to use campaign funds on such a business, the Elections Division would have to penalize the candidate or campaign committee. That would entail an investigation, drafting and issuance a proposed penalty notice, issuance of a

final order, and, if the penalty were challenged, an administrative hearing before the Office of Administrative Hearings, which would require SOS to pay the costs of an administrative law judge and possibly for legal representation by the Department of Justice. The measure would likely have a minimal fiscal impact on SOS. But given that the magnitude of complaints and violations is unknown, the potential costs are indeterminate at this time. If the magnitude of complaints and violations were to warrant additional resources, SOS would need to return to the Emergency Board or the 2021 Legislative session for consideration of the issue.

Department of Justice

The measure would have a minimal fiscal impact on the Department of Justice.