



Colorado  
Legislative  
Council  
Staff

SB16-106

REVISED  
FISCAL NOTE

(replaces fiscal note dated February 18, 2016)

**FISCAL IMPACT:**  State  Local  Statutory Public Entity  Conditional  No Fiscal Impact

**Drafting Number:** LLS 16-0625  
**Prime Sponsor(s):** Sen. Holbert  
Rep. Salazar

**Date:** March 29, 2016  
**Bill Status:** House SVMA  
**Fiscal Analyst:** Chris Creighton (303-866-5834)

**BILL TOPIC:** ADMINISTRATION OF LAWS GOVERNING CAMPAIGN FINANCE

Fiscal Impact Summary	FY 2016-2017	FY 2017-2018
<b>State Revenue</b>		
<b>State Expenditures</b>	<u>\$128,739</u>	<u>\$124,128</u>
Cash Funds	122,765	118,062
Centrally Appropriated Costs	5,974	6,066
<b>FTE Position Change</b>	0.5 FTE	0.5 FTE
<b>Appropriation Required:</b>	See State Appropriations section.	
<b>Future Year Impacts:</b>	Ongoing state expenditure increase.	

### Summary of Legislation

This **reengrossed bill** requires the Secretary of State's Office (SOS) to appoint three persons to serve as Administrative Law Judges (ALJs) for campaign finance related cases and specifies the procedures to be followed in identifying candidates and making the appointments. The minimum requirements, powers, and duties of the ALJs are also specified and the SOS must train the ALJs. This bill also modifies the definition of a limited liability company in the Fair Campaign Practices Act.

### State Expenditures

This bill increases state expenditures by **\$128,739 and 0.5 FTE in FY 2016-17 and by \$124,128 and 0.5 FTE in FY 2017-18**. These costs, paid from the Department of State Cash Fund are summarized in Table 1. In addition, this bill decreases workload in the DPA and increases ALJ costs in other state agencies. These impacts are discussed below.

<b>Table 1. Expenditures Under SB-106</b>		
<b>Cost Components</b>	<b>FY 2016-17</b>	<b>FY 2017-18</b>
Personal Services	\$23,027	\$23,027
FTE	0.5 FTE	0.5 FTE
Operating and Capital Expenses	5,178	475
Court Room Access	1,200	1,200
Contract ALJs	93,360	93,360
SOS Payment to DPA for ALJ Use	(122,805)	(122,805)
Other State Agency Payment to DPA for ALJ Use	122,805	122,805
Centrally Appropriated Costs*	5,974	6,066
<b>TOTAL</b>	<b>\$128,739</b>	<b>\$124,128</b>

**Secretary of State's Office.** This bill increases cash fund expenditures in the SOS to pay the appointed ALJs, staff time to assist the ALJs, and courtroom costs. The three appointed ALJs will be hired as contractors to hear all campaign finance related cases. This analysis assumes they will be paid an hourly rate of \$60 and cases will require 1,556 hours of ALJ time, resulting in costs of \$93,360. To support the ALJs, 0.5 FTE will be needed to provide clerk and case administration services. Currently, all SOS hearings are conducted by DPA in DPA facilities. Beginning in FY 2016-17, SOS will pay DPA a monthly flat rate of \$100 for a total of \$1,200 to conduct hearings in DPA facilities. Given that these duties will be performed in-house, the payment to the DPA for ALJ use will decrease by \$122,805.

**Department of Personnel and Administration.** This bill potentially decreases workload in the Office of Administrative Courts in the DPA. Currently, ALJs in the DPA conduct all hearings for the SOS, including campaign finance hearings. Under this bill, campaign finance cases will no longer be heard by ALJs in the DPA. Overall workload in the DPA is not expected to decrease in the near-term because currently there is a backlog of cases in the Office of Administrative Courts. As this backlog is reduced, DPA may experience a future workload reduction. Any reduction in appropriations will be requested through the annual budget process.

**Other State Agencies.** This bill increases costs in other state agencies that use ALJs by \$122,805. Assuming, the number of ALJs in DPA remains the same. With SOS usage of the ALJs being eliminated, greater ALJ time will be allocated to other state agencies. Other state agency costs will increase with costs allocated based on actual ALJ usage. Increases in other state agency appropriations will be requested 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. The centrally appropriated costs subject to this policy are estimated in the fiscal note for informational purposes and summarized in Table 2.

<b>Table 2. Centrally Appropriated Costs Under SB-106</b>		
<b>Cost Components</b>	<b>FY 2016-17</b>	<b>FY 2017-18</b>
Employee Insurance (Health, Life, Dental, and Short-term Disability)	\$4,003	\$4,003
Supplemental Employee Retirement Payments	1,971	2,063
<b>TOTAL</b>	<b>\$5,974</b>	<b>\$6,066</b>

### **Effective Date**

The bill takes effect August 10, 2016, if the General Assembly adjourns on May 11, 2016, as scheduled, and no referendum petition is filed.

### **State Appropriations**

For FY 2016-17, this bill requires the following appropriations to the Department of State from the Department of State Cash Fund:

- a reduction of \$122,805 for ALJ services provided by the DPA; and
- a increase of \$122,765 and an allocation of 0.5 FTE.

### **State and Local Government Contacts**

Colorado Counties	Judicial	Law
Information Technology	Personnel	Secretary Of State
Counties	County Clerks	Information Technology
Law	Judicial	Personnel and Administration
Secretary of State		