



**Colorado  
Legislative  
Council  
Staff**

**HB16-1216**

**REVISED  
FISCAL NOTE**

(replaces fiscal note dated April 13, 2016)

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

**Drafting Number:** LLS 16-0248  
**Prime Sponsor(s):** Rep. McCann  
Sen. Steadman

**Date:** May 9, 2016  
**Bill Status:** Senate SVMA  
**Fiscal Analyst:** Amanda Hayden (303-866-4918)

**BILL TOPIC:** INDEPENDENT ETHICS COMMISSION

Fiscal Impact Summary	FY 2016-2017	FY 2017-2018
<b>State Revenue</b>		
<b>State Expenditures</b>	<u>(\$21,903)</u>	<u>(\$13,625)</u>
General Fund	(40,722)	(33,984)
Centrally Appropriated Costs	18,819	20,359
<b>FTE Position Change</b>	(0.1 FTE)	0.0 FTE
<b>Appropriation Required:</b> \$130,368 - IEC (FY 2016-17); (171,090) - Department of Law (FY 2016-17).		
<b>Future Year Impacts:</b> Ongoing increase and decrease in state expenditures.		

### Summary of Legislation

This **reengrossed** bill amends statutes related to the authority and administration of the Independent Ethics Commission (IEC). Specifically, the bill requires the IEC to employ or retain independent legal counsel and clarifies that the IEC is not required to adhere to advisory opinions issued by the Board of Ethics for the General Assembly. The bill also repeals the Board of Ethics for the Executive Branch and a provision of current law authorizing members of the General Assembly to accept payment of or reimbursement for travel and lodging expenses from any organization declared a joint governmental agency (currently the Council of State Governments, National Conference of State Legislatures, Energy Council, and American Legislative Exchange Council).

### Background

**Independent Ethics Commission.** The IEC was created by Amendment 41, a statewide initiated measure in 2006, found in Article XXIX of the Colorado Constitution. The IEC was originally situated in the Department of Personnel and Administration, but was reorganized in 2010 as an independent agency within the Judicial Branch. The IEC takes action involving either state or local government officials and employees. The Department of Law currently provides legal services for the IEC.

**Board of Ethics for the Executive Branch.** The Board of Ethics for the Executive Branch was enacted in 1988 and was active for close to two decades. The last appointment to this board was in 2006. While the board still exists in statute, it is inactive and generally assumed to have been superceded by the Independent Ethics Commission.

**Board of Ethics for the General Assembly.** Under current law, the four-member Board of Ethics for the General Assembly is empowered to issue advisory opinions regarding the conduct of members of the General Assembly and the Code of Ethics. This board is active but meets only as needed.

### **State Expenditures**

**The bill decreases state General Fund expenditures by \$21,903 in FY 2016-17 and by \$13,625 in FY 2017-18.** The bill increases expenditures in the IEC by \$149,187 and 0.9 FTE in FY 2016-17 and by \$157,465 and 1.0 FTE in FY 2017-18. The bill reduces expenditures by \$171,090 and 1.0 FTE starting in FY 2016-17 in the Department of Law. These costs and savings are shown in Table 1 and explained below.

<b>Table 1. Expenditures Under HB16-1216</b>		
<b>Cost Components</b>	<b>FY 2016-17</b>	<b>FY 2017-18</b>
<b>IEC</b>		
Personal Services	\$124,810	\$136,156
FTE	0.9 FTE	1.0 FTE
Operating Expenses and Capital Outlay Costs	5,558	950
Centrally Appropriated Costs*	18,819	20,359
<b>Department of Law</b>		
Personal Services	(\$171,090)	(\$171,090)
FTE	(1.0 FTE)	(1.0 FTE)
<b>TOTAL</b>		

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

**IEC.** The bill increases General Fund expenditures in the IEC by \$149,187 and 0.9 FTE in FY 2016-17 and by \$157,465 and 1.0 FTE in FY 2017-18. The fiscal note assumes that the IEC will hire, rather than retain, legal counsel and will bring one senior level attorney on staff to assist with the current functions of the IEC. Costs for personal services and FTE have been prorated in the first year to account for the General Fund pay date shift.

**Department of Law.** The bill reduces General Fund expenditures in the Department of Law by \$171,090 and 1.0 FTE, as the department will no longer need the legal resources to support the IEC.

**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 HB16-1216</b>		
<b>Cost Components</b>	<b>FY 2016-17</b>	<b>FY 2017-18</b>
Employee Insurance (Health, Life, Dental, and Short-term Disability)	\$8,139	\$8,159
Supplemental Employee Retirement Payments	10,680	12,200
<b>TOTAL</b>	<b>\$18,819</b>	<b>\$20,359</b>

### **Effective Date**

The bill takes effect July 1, 2016.

### **State Appropriations**

In FY 2016-17, the bill requires and includes a General Fund appropriation of \$130,368 and an allocation of 0.9 FTE to the IEC and a reduction in General Fund appropriations of \$171,090 and 1.0 FTE in the Department of Law.

### **Departmental Difference**

The IEC estimated an increase in expenditures of \$630,000 to retain legal counsel for advisory services. The IEC asserts that, in order to maintain the level of multi-disciplinary expertise currently provided by the Office of the Attorney General, it must retain an outside law firm at an hourly rate of \$350, rather than hire an in-house staff attorney. The fiscal note assumes that the workload associated with the advisory function can be accomplished by a senior-level attorney working together with existing staff.

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

Information Technology      Judicial      Law