



GOVERNOR'S OFFICE OF  
BUDGET AND PROGRAM PLANNING

## Fiscal Note 2021 Biennium

**Bill #** HB0605

**Title:** Generally revise campaign finance laws

**Primary Sponsor:** Karjala, Jessica

**Status:** As Introduced

- Significant Local Gov Impact     
 Needs to be included in HB 2     
 Technical Concerns  
 Included in the Executive Budget     
 Significant Long-Term Impacts     
 Dedicated Revenue Form Attached

### FISCAL SUMMARY

	<u>FY 2020</u> <u>Difference</u>	<u>FY 2021</u> <u>Difference</u>	<u>FY 2022</u> <u>Difference</u>	<u>FY 2023</u> <u>Difference</u>
<b>Expenditures:</b>				
General Fund	\$403,930	\$373,530	\$373,530	\$373,530
<b>Revenue:</b>				
General Fund	\$0	\$0	\$0	\$0
<b>Net Impact-General Fund Balance:</b>	<u>(\$403,930)</u>	<u>(\$373,530)</u>	<u>(\$373,530)</u>	<u>(\$373,530)</u>

**Description of fiscal impact:** HB 605 requires additional reporting by the Commissioner of Political Practices (COPP) and a change in disclosure requirements for contributions between \$35-100. COPP will incur one-time costs to revise the campaign finance database and will need additional FTE and operating expenses to meet the requirements of the bill.

### FISCAL ANALYSIS

#### Assumptions:

#### **Commissioner of Political Practices (COPP)**

- Under HB 605, the COPP will see an increase in the number of Orders of Noncompliance issued to candidates for elected office.
- The COPP will send notices by certified mail for any financial report with deficiencies. Each certified mail return communication will cost \$6.80. In 2018, the COPP processed over 7,000 inspection reports. HB 605 requires certified mail sent to the candidate and to the candidate's treasurer twice. COPP estimates 28,000 certified communications will be sent annually for inspection reports at a cost of \$190,400.
- HB 605 will increase the demands placed on COPP staff, as Orders of Noncompliance rather than Complaints will become the main vehicle for enforcing campaign finance law and regulations. HB 605 also requires COPP

to contact each listed contributor of over \$35 but under \$100 to ascertain their economic special interest and/or employer. In order to meet this workload, the COPP will need 3.00 FTE for a Compliance Specialist at \$44,850 annually, an Investigator at \$50,570 annually, and an Attorney at \$78,990 annually. There will be one-time office setup costs of \$5,400 and increased travel of \$8,720 annually.

4. HB 605 requires a change in disclosure requirements for contributions between \$35 - \$100. COPP will incur one-time costs to revise the campaign finance database, including coding and testing, estimated at \$25,000.

	<u>FY 2020</u> <u>Difference</u>	<u>FY 2021</u> <u>Difference</u>	<u>FY 2022</u> <u>Difference</u>	<u>FY 2023</u> <u>Difference</u>
<b><u>Fiscal Impact:</u></b>				
FTE	3.00	3.00	3.00	3.00
<b><u>Expenditures:</u></b>				
Personal Services	\$174,410	\$174,410	\$174,410	\$174,410
Operating Expenses	\$229,520	\$199,120	\$199,120	\$199,120
<b>TOTAL Expenditures</b>	<b>\$403,930</b>	<b>\$373,530</b>	<b>\$373,530</b>	<b>\$373,530</b>
<b><u>Funding of Expenditures:</u></b>				
General Fund (01)	\$403,930	\$373,530	\$373,530	\$373,530
<b>TOTAL Funding of Exp.</b>	<b>\$403,930</b>	<b>\$373,530</b>	<b>\$373,530</b>	<b>\$373,530</b>
<b><u>Revenues:</u></b>				
General Fund (01)	\$0	\$0	\$0	\$0
<b>TOTAL Revenues</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b><u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u></b>				
General Fund (01)	(\$403,930)	(\$373,530)	(\$373,530)	(\$373,530)

**Technical Notes:**

1. HB 605’s 10-30 day wait period between the commissioner reaching a Sufficiency Decision and the decision being released to the public will need to be extended to the complainant, so they receive the same courtesies as the respondent. HB 605 does not provide an outline for how that will work which could lead to a legal challenge by the complainant.
2. HB 605’s 10-30 day wait period between the commissioner reaching a Sufficiency Decision and the Decision being released to the public applies to candidates but does not mention political committees or non-candidate individuals. Political committees or noncandidate individuals who are the respondents to a complaint could believe they are not being treated equally when it comes to potential decisions under HB 605.
3. The 10-30 day wait period to issue an Order of Noncompliance will conflict with 13-37-126 and 127, MCA, in situations where a candidate does not meet the requirements needed to be certified to either take office or officially have their name appear on a ballot. Hard deadlines exist regarding candidate certification. HB 605 may hinder the COPP’s ability to investigate and enforce these requirements.

4. HB 605 will add the phrase “However, if the noncompliance is by a candidate, including noncompliance by the candidate’s treasurer” to 13-37-121, MCA. It is unclear how noncompliance by the treasurer is different than noncompliance from the candidate.

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<i>Sponsor's Initials</i>	<i>Date</i>	<i>Budget Director's Initials</i>	<i>Date</i>
		TL	2/27/19