

**FISCAL IMPACT OF PROPOSED LEGISLATION**

**Measure: HB 2038 - 1**

82nd Oregon Legislative Assembly – 2023 Regular Session

Legislative Fiscal Office

*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, holds directorship or does business under 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

**Summary of Fiscal Impact:**

Costs related to the measure may require budgetary action - See analysis.

**Summary of Expenditure Impact:**

<b>Oregon Government Ethics Commission</b>		
<b>Other Funds</b>		
Services and Supplies	\$157,600	\$0
<b>Total Other Funds</b>	<b>\$157,600</b>	<b>\$0</b>
<b>Total Fiscal Impact</b>	<b>\$157,600</b>	<b>\$0</b>

**Analysis:**

House Bill 2038, as amended by the -1 amendments, requires the annual statement of economic interest filed by public officials and candidates for public office to list positions as an officer of a business and business directorships held by the public official or candidate. This includes any member of a household of a public official or candidate. Public officials and candidates must include certain information about sources of income received by those businesses, if the source of the income has or could reasonably be expected to have a legislative or administrative interest, and 10 percent or more of the total gross annual income of the businesses comes from that source of income. The measure allows public officials or candidates to keep confidential certain information if the public official or candidate makes a formal request to each source of income asking for permission to make the required disclosure; files a signed statement with the Oregon Government Ethics Commission (OGEC) regarding the request; and reports each source of income that responds to the formal request within 10 business days. These requirements apply to each source of income for all names under which the public official or candidate and members of the household of the public official or candidate do business. The measure applies to statements of economic interest filed on or after its effective date. The measure takes effect on January 1, 2024.

The measure is anticipated to have a fiscal impact on the Oregon Government Ethics Commission (OGEC). The measure would require OGEC’s information technology (IT) vendor, Tyler Technologies, to update the OGEC electronic filing system to include a section about the sources of income for a public official’s businesses; identify if OGEC received appropriate notifications from the public official; and make the sources of income private and not viewable to the public if the filer declines to waive confidentiality. The estimated cost of these IT updates is a \$157,600 Other Funds, which would be one-time costs in the 2023-25 biennium. Because OGEC is supported entirely by Other Funds, funding will need to be included in OGEC’s assessment funding model, which charges assessments between state agencies and local governments.

The measure may also increase OGEC's penalty fee revenue related to the filing of the annual statement of economic interest. The Legislative Fiscal Office assumes that any increase in penalty fee revenue from public officials or candidates failing to provide the required notification or failing to file responses from the sources of income from their businesses would only marginally increase OGEC's penalty fee revenue.

The measure warrants a subsequent referral to the Joint Committee on Ways and Means for consideration of its impact to OGEC's biennial budget and assessment funding model.