

FISCAL IMPACT OF PROPOSED LEGISLATION

Measure: SB 292 - B

82nd Oregon Legislative Assembly – 2023 Regular Session

Legislative Fiscal Office

Only Impacts on Original or Engrossed Versions are Considered Official

Prepared by: Michael Graham

Reviewed by: Doug Wilson, Julie Neburka, Kim To

Date: April 6, 2023

Measure Description:

Modifies the requirement that members of a district school board must file a verified statement of economic interest with the Oregon Government Ethics Commission. Requires the commission to refund any civil penalty imposed on a person who paid the penalty but who is no longer required to file the statement of economic interest. Requires the commission, in collaboration with the Oregon Department of Education, to provide training to members of district school boards as to the new filing requirements in calendar years 2024, 2025, and 2026.

Government Unit(s) Affected:

Oregon Government Ethics Commission, Department of Administrative Services, School Districts, Oregon Department of Education

Summary of Fiscal Impact:

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

Analysis:

Senate Bill 292 B-engrossed modifies the requirement that members of a district school board must file a verified statement of economic interest with the Oregon Government Ethics Commission (OGEC). As of April 15, 2023, the measure requires every member of a district school board with an average daily membership of 4,000 or more students, as calculated without including average daily membership of any student enrolled in a virtual public charter school for which the district is a sponsor, to file an annual statement of economic interest with OGEC. Under current law, every member of a district school district board must file the statement of economic interest with OGEC. The measure also requires OGEC to refund any civil penalty imposed on a person who failed to file the statement of economic interest in a timely fashion and who paid the penalty, despite no longer being required to file the statement of economic interest. OGEC, in collaboration with the Oregon Department of Education (ODE), must provide training to members of district school boards as to the new filing requirements in calendar years 2024, 2025, and 2026. As of January 1, 2026, every member of a district school board once again must file the statement of economic interest. The measure takes effect on passage.

Oregon Government Ethics Commission

OGEC estimates that the measure would exempt school board members in 158 of Oregon's 197 total school districts from the statement of economic interest filing requirement. OGEC would have to confirm the average daily membership of each school district and determine if any school districts sponsor a virtual public charter school. This information should be available from the Oregon Department of Education. Once confirmed, OGEC staff would need to update records in OGEC's Electronic Filing System to include or exclude school districts. The cost of updating the system is unknown; however, the cost of implementing the current law as it applies to school board members was approximately \$23,000.

If the measure does not pass before April 15, 2023, and school board members do not file their statements of economic interest on time, they will be assessed a civil penalty for filing late under current law. If any of these individuals pay their penalties but are no longer required to file the statement under this measure, OGEC would be required to refund the penalties paid. This requirement would theoretically impact the General Fund because OGEC's civil penalties are transferred to the General Fund. However, because OGEC does not have the ability to

provide these refund payments, since they are transferred to the General Fund, the Department of Administrative Services (DAS) would be required to process the refunds, which in turn would increase the assessments that OGEC pays to DAS for payment processing services. OGEC estimates that the additional collection and refund processing duties would increase what OGEC currently pays to DAS Shared Financial Services by approximately \$8,124, which amounts to a 10% increase. However, it should also be noted that it is unknown how many late filing penalties OGEC would impose and collect and need to refund. This fiscal impact statement assumes that this refund requirement would not apply to that many district school board members, since on average less than 3% of the more than 5,000 individuals required to file the statement of economic interest file late each year.

Overall, the measure is anticipated to have a fiscal impact on OGEC of less than \$50,000 Other Funds. Since OGEC is funded with an assessment charged to local governments (50%) and state agencies (50%), there may be a small impact to their budgets in the future. If additional resources are warranted, OGEC may need to return to the Emergency Board or the Legislative Assembly in the 2024 Regular Session for consideration of this issue.

Other Government Units

The measure is anticipated to have a minimal fiscal impact on DAS and ODE, and no fiscal impact on school districts.