

Department of Planning and Budget 2015 Fiscal Impact Statement

1. Bill Number: SB1424

House of Origin ☐ Introduced ☐ Substitute ☐ Engrossed
Second House ☐ In Committee ☒ Substitute ☐ Enrolled

2. Patron: Norment

3. Committee: House Courts of Justice

4. Title: State and Local Government Conflict of Interests Act, General Assembly Conflicts of Interests Act, and the Virginia Conflict of Interest and Ethics Advisory Council; ethics reforms.

5. Summary: The bill authorizes the Virginia Conflict of Interest and Ethics Advisory Council to (i) prescribe, receive, and review all disclosure forms required by the State and Local Government Conflict of Interests Act, the General Assembly Conflicts of Interests Act, and the lobbying laws; (ii) issue advisory opinions; and (iii) grant approvals for certain travel and gifts. The bill prohibits any single gift or any combination of gifts in a calendar year with a value exceeding \$100 from any single source to those persons subject to the Conflicts of Interests Acts and members of their immediate family. Certain gifts are exempt from the \$100 limit on gifts, including gifts from relatives, gifts received while in attendance of a widely attended event, or travel-related gifts for which the Council granted approval. Gifts for which the filer has reimbursed the giver for the full value of the gift are not required to be disclosed. The bill requires all disclosure forms be filed electronically with the Council. The bill also requires an applicant for a grant or loan from the Governor's Development Opportunity Fund to certify that it shall not provide any contribution, gift, or other item with a value greater than \$100 to the Governor or to his campaign committee or a political action committee established on his behalf during (i) the period in which the person or entity's application for such award is pending and (ii) the one-year period immediately after any such award is made. An applicant who knowingly provides such a contribution, gift, or other item of value during these periods is subject to a civil penalty of \$500 or up to two times the amount of the contribution or gift, whichever is greater.

6. Budget Amendment Necessary: See Item 8.

7. Fiscal Impact Estimates: See Item 8.

8. Fiscal Implications: The House's substitute for Senate Bill 1424 presents an estimated fiscal impact of \$143,000 and an additional support position each year to the Commonwealth.

This impact statement addresses new responsibilities assigned by this version of the bill and does not attempt to estimate the overall costs of the responsibilities assigned the Council as created in the 2014 Session. However, it is worth noting that the Senate's crossover budget provides \$300,000 and 4 support positions in the second year through amendment 25.10 #1s. It is not clear if this funding is intended to cover the Woodrum bill costs identified below. In

comparison, the House's crossover budget amendment 25.10 #1h provides \$500,000 and 3 positions in the second year. The House also covers the Woodrum bill costs identified below in amendment 385 #2h. With an additional position, the House's budget proposal is more substantial and appears more likely positioned to cover both the costs presented by current law and the costs associated with this bill.

The new costs presented by this version of the bill centers around two key factors:

- First, the bill adds a new requirement for the Council to process requests for the approval or denial of certain travel costs as submitted by disclosure form filers. The bill lays out certain criteria for the approval and denial of requests and gives the Council five business days for the approval of the request. If the Council asks the requestor for additional information, they are given another 5 days to process the request once the additional information is returned. The Division of Legislative Services (DLS) is directed by Code to staff the Council as established in the 2014 Session of the General Assembly. DLS estimates an additional position and roughly \$93,000 funding annually will be needed to support these new requirements.
- Second, the bill includes language stating that any constitutional officer or legislator who knowingly and intentionally makes a false statement of a material fact on the Statement of Economic Interests is guilty of a Class 5 felony. The fiscal impact of this action as provided by the Virginia Criminal Sentencing Commission is \$50,000 per year. House Bill 1400 amendment 385 #2h also appears to cover the Woodrum bill cost.

Additionally, the bill establishes many policy changes, including changes related to tangible and intangible gifts, penalties assessed to violators, gift threshold amounts, definition changes, prohibited gifts, the return of gifts, disclosure procedures, and disclosure form requirements. These changes are not seen to have a notable or identifiable fiscal impact on state government operations.

9. Specific Agency or Political Subdivisions Affected: All state and local agencies and political subdivisions; The Virginia Conflict of Interest and Ethics Advisory Council; The Secretary of the Commonwealth; The Division of Legislative Services.

10. Technical Amendment Necessary: No.

11. Other Comments: The bill is identical to the House substitute for House Bill 2070.