

## **Department of Planning and Budget**

### **2018 Fiscal Impact Statement**

**1. Bill Number:** HB122

|                        |  |                                     |                                    |
|------------------------|--|-------------------------------------|------------------------------------|
| <b>House of Origin</b> | <input checked="" type="checkbox"/> Introduced | <input type="checkbox"/> Substitute | <input type="checkbox"/> Engrossed |
| <b>Second House</b>    | <input type="checkbox"/> In Committee          | <input type="checkbox"/> Substitute | <input type="checkbox"/> Enrolled  |

**2. Patron:** Cole

**3. Committee:** Rules

**4. Title:** Campaign finance; prohibited personal use; civil penalty.

**5. Summary:** Prohibits the conversion of any contributed moneys, securities, or like intangible personal property by any person to the personal use of a candidate or a member of the candidate's immediate family, if such use is for a strictly personal purpose with no reasonable or foreseeable benefit to the candidate's campaign or public office. Complaints of alleged violations may be made by any person who contributes to the candidate or candidate's campaign committee to the State Board of Elections. The subject of the complaint has 30 days to provide to the State Board documentation or other evidence that the use of the campaign funds had a reasonable or foreseeable benefit to the campaign or the candidate's public office. The State Board shall call a hearing if it determines, after reviewing any response made by the subject of the complaint, that the use of campaign funds had no reasonable or foreseeable benefit to the campaign or the candidate's public office. If the complaining party declines to participate in the hearing, the complaint shall be dismissed. A person found by the State Board to have willfully and knowingly violated this section shall repay to the campaign committee the amount unlawfully converted to the personal use of the candidate or a member of the candidate's immediate family and shall return to the complaining party the full amount of the complaining party's contribution to the campaign. The State Board may also assess an additional civil penalty, in an amount not to exceed \$100.

**6. Budget Amendment Necessary:** No.

**7. Fiscal Impact Estimates:** Indeterminate – see Item 8.

**8. Fiscal Implications:** The State Board of Elections (SBE) does not conduct investigations involving campaign finance violations as required in the proposed legislation. The impact of reviewing allegations of campaign finance violations is indeterminate and would depend upon the number of complaints. There is no existing data upon which the level of resources needed to carry out the functions outlined in the bill can be estimated. However, SBE and the Department of Elections currently have very limited capacity to absorb additional workload with its current staffing level. Therefore, additional staffing may be required in order to carry out the functions required in the bill such as gathering documentation and notifying parties of complaints. For illustration purposes, if the workload were to warrant a full time position, the Department of Elections estimates the cost of a full time Hearing and Legal Services Manager I would be \$154,143.

Some ancillary costs to implement this legislation could be absorbed by the agency, such as updating instructions and guidance documents to include translation, if needed, changes to the campaign finance reporting system, changes to web materials, printing and distribution of forms, additional support for staff to research Code sections and update forms impacted by the legislation, and training to assure candidates and voters are aware of any new requirements.

The proposed legislation authorizes the State Board of Elections to assess and collect a civil penalty of up to \$100 from anyone found to have willfully and knowingly converted any contributed moneys, securities, or like intangible personal property to the personal use of a candidate or a member of the candidate's immediate family. The civil penalty shall be payable to the State Treasurer and deposited into the general fund. The proposed legislation may have a revenue impact; however, the number of the civil penalties assessed and collected as a result of the proposed legislation cannot be determined.

**9. Specific Agency or Political Subdivisions Affected:** Virginia Department of Elections and the State Board of Elections

**10. Technical Amendment Necessary:** No.

**11. Other Comments:** This bill is similar to HB 5 and SB 592, as introduced.

Date: 1/25/2018