HOUSE COMMITTEE ON APPROPRIATIONS

FISCAL NOTE

HOUSE BILL NO. 744 **PRINTERS NO.** 846 **PRIME SPONSOR**: Cutler

COST / (SAVINGS)

FUND	FY 2013/14	FY 2014/15
General Fund	**See "Fiscal Impact"**	**See "Fiscal Impact"**
Lobby Disclosure Restricted Account	**See "Fiscal Impact"**	**See "Fiscal Impact"**

SUMMARY: Amends the lobbying disclosure provisions of Title 65 (relating to lobbying disclosure) to increase penalties that may be imposed on lobbyists or principals for violations of the law. This legislation would take effect immediately.

ANALYSIS: This legislation amends Chapter 13A of Title 65 to:

1. Increase the maximum administrative penalty that may be imposed by the Ethics Commission when it has been determined that a lobbyist or principal has committed an unlawful act under the law. The following changes are made:
   - The legislation increases the maximum administrative penalty from $2,000 to $10,000.
   - The legislation increases the time frame that a lobbyist is prohibiting from lobbying for economic consideration from 5 years to 10 years for intentionally violating the law.
2. Increase the maximum administrative penalty that may be imposed for negligent failure to report under the lobbying disclosure law from $50 per late day to $50 per late day for the first ten days and $250 per late day after the first ten late days.
3. Increase the grading of offenses and maximum fines that may be imposed by the court for intentional violations of the lobbying disclosure law. The following offenses are upgraded:
   - A lobbyist or principal commits a misdemeanor of the first degree (from a second degree misdemeanor) if he or she intentionally fails to register or report under the law.
   - A lobbyist or principal commits a misdemeanor of the first degree (from a second degree misdemeanor) if he or she files a lobbying expense report that contains a false statement.
   - A lobbyist or principal commits a misdemeanor of the second degree (from a third degree misdemeanor) if he or she otherwise intentionally violates the law. The maximum fine is increased from $25,000 to $100,000.

4. Require the Department of State (DOS) to issue electronic receipts to registrants who file documents electronically with DOS.

FISCAL IMPACT: According to the Department of State, the cost associated with a "one-time" systems change to meet the filing requirements would be approximately $220,000. These costs include additional testing to ensure that all electronic reporting can be properly captured and allow for paper or electronic filing on demand. The Department currently contracts with a vendor to process quarterly paper filings which are somewhat predictable because a registrant must annually acknowledge which method of filing he or she will utilize for the entire year. Because a registrant would have the capability to choose quarterly to file by paper or electronically, there is the possibility that the Department would not have sufficient personnel to data enter the filings in the required time. In that event, the Department would have to add additional staff, space and equipment which would be approximately $70,000 per year. The new costs would be split between the General Fund and the Lobby Disclosure Restricted Account with the General Fund absorbing a larger portion of this expense which has been the case since the Account was created in 2006.

By increasing the penalties in the legislation, additional revenue is possible for the General Fund. Fine revenue from these violations has averaged $62,635 in the last 3 completed fiscal years. The anticipated revenue from these enhanced penalties is indeterminable at this point.

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House Appropriations Committee (R)

DATE: November 12, 2013

Estimates are calculated using the best information available. Actual costs and revenue impact incurred may vary from estimates.