

Department of Legislative Services  
 Maryland General Assembly  
 2002 Session

FISCAL NOTE  
 Revised

House Bill 1076

(Delegate Wood, *et al.*)

Commerce and Government Matters

Education, Health, and Environmental Affairs

Lobbyist Ethics - Registration and Reporting Requirements

This emergency bill alters the requirements for when an entity must register as a lobbyist; exempts certain communications from regulation under the Public Ethics Law; requires the State Ethics Commission to develop regulations that establish criteria under which a regulated lobbyist can serve on a State board or commission; and alters the reporting requirements for certain disclosure statements under the Public Ethics Law and the Election Code.

Fiscal Summary

**State Effect:** Special fund revenues (Lobbyist Registration Fund) could decrease by \$4,600 each year beginning in FY 2003. No effect on expenditures.

(in dollars)	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
SF Revenue	(\$4,600)	(\$4,600)	(\$4,600)	(\$4,600)	(\$4,600)
Expenditure	\$0	\$0	\$0	\$0	\$0
Net Effect	(\$4,600)	(\$4,600)	(\$4,600)	(\$4,600)	(\$4,600)

*Note:() = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate effect*

**Local Effect:** None.

**Small Business Effect:** Minimal.

Analysis

**Bill Summary:** The bill specifies that the compensation levels for determining when an entity must register as a lobbyist be for compensation for communications and activities

related to the communications during the reporting period, for the purpose of influencing legislative or executive actions. The bill also raises the threshold expense level for face-to-face communications from \$100 to \$500 and raises the compensation threshold to \$2,500. The bill also provides that an entity must register as a lobbyist if it spends at least \$2,500 in compensation to registered lobbyists.

The bill also excludes from the compensation thresholds requiring registration as a lobbyist an elementary, secondary, or postsecondary school student or student organization as part of a course or school activity. In addition, a person seeking to secure a business grant or loan for the purpose of locating, relocating, or expanding a business in or into the State that does not engage in any other acts that would require registration during the reporting period, is not required to register as a lobbyist.

The bill provides that after a public hearing, the State Ethics Commission is to adopt regulations establishing criteria under which a regulated lobbyist may serve on a State board or commission. The regulations are to: (1) include a classification of boards and commissions on which a regulated lobbyist may serve; (2) authorize a regulated lobbyist to serve on an advisory body of limited duration; and (3) establish disclosure requirements for registered lobbyists serving on boards and commissions that are similar to the disclosure requirements for members of the General Assembly. The regulations must be adopted by October 31, 2002, and the provisions of current law prohibiting a lobbyist from serving on a board or commission may not be enforced until November 1, 2002.

The bill alters the prohibited activities for a registered lobbyist by specifying that a registered lobbyist may not *knowingly* counsel a person to violate the provisions of the Public Ethics Law or any other State or federal law.

The bill alters the reporting requirement for a business entity by providing that the following contributions are attributable to the business entity:

- applicable contributions (one or more contributions for a cumulative amount of \$500 or more), made by an officer, director, or partner of the business entity;
- contributions of any amount made at the suggestion of the business entity by an officer, director, employee, agent, or other person; and
- applicable contributions made by or caused to be made by a subsidiary in which the entity owns 30% or more of the equity.

The bill requires that an officer, director, or partner of the business entity must report applicable contributions to the chief executive officer of the business entity. Also an officer, director, partner, employee, agent, or other person who makes or causes to be

made a contribution of any amount at the suggestion or direction of the business entity is to report the contribution to the chief executive officer of the business entity. The bill requires the State Board of Elections to develop regulations defining “officer” for the purposes of the reporting requirements.

The bill alters the reporting requirement in the Election Code for contributions made at the suggestion or direction of a business entity by expanding the requirement to include any gift, donation, or payment of money, regardless of amount.

**Current Law:** An individual must register as a lobbyist under compensation thresholds for which compensation is not limited to compensation for the communications to influence legislative or executive actions.

Certain activities are exempt including: (1) appearing before a legislative or executive body or unit at the request of the legislative or executive body or unit; (2) appearances as part of the official duties of public employees or officials; (3) representation of a bona fide religious organization for the purposes of protecting the practice of the religious doctrine; and (4) actions as part of the official duties of higher education trustees, faculty, or administrators.

Only bona fide officials or employees of a business entity seeking a business loan or grant are exempt from the registration requirements.

A registered lobbyist must terminate his or her registration as a lobbyist upon becoming a member of a board or commission, unless the board or commission is an advisory body of limited duration.

Reporting requirements in the Public Ethics Law for a business entity are for applicable contributions regardless of amount. In the Election Code, a contribution for the reporting requirements is defined as any gift, donation, or payment of money in excess of \$500.

**Background:** Chapter 631 of 2001 enacted the recommendations contained in the November 2000 *Report of the Study Commission on Lobbyist Ethics*, including the requirements for lobbyist registration, when a registered lobbyist must terminate registration, and reporting requirements.

**State Fiscal Effect:** The number of lobbyist registrations could decrease, thereby reducing special fund revenues (Lobbyist Registration Fund) by an estimated \$4,600 each fiscal year beginning in fiscal 2003.

The State Board of Elections advises that there would be no impact on their operations.

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### **Additional Information**

**Prior Introductions:** None.

**Cross File:** None.

**Information Source(s):** State Ethics Commission, Department of Legislative Services

**Fiscal Note History:** First Reader - February 18, 2002  
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