

Department of Legislative Services
 Maryland General Assembly
 2007 Session

FISCAL AND POLICY NOTE
Revised

Senate Bill 885

(Senator Dyson)

Education, Health, and Environmental Affairs

Environmental Matters

Ethics Law - Miscellaneous Provisions

This bill increases the fee that a regulated lobbyist must pay when filing a registration form with the State Ethics Commission from \$50 to \$100.

The bill also alters the definition of interest for the purpose of conflict of interest ethics statutes to exclude a trust that has more than 25 participants and is a qualified trust or college savings plan as determined by the Internal Revenue Service (IRS).

Fiscal Summary

State Effect: Special fund revenues to the Lobbyist Registration Fund would increase by \$125,000 in FY 2008, with a potential commensurate decrease in general fund expenditures. Future year estimates reflect expected modest grow in the number of regulated lobbyists.

(in dollars)	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
SF Revenue	\$125,000	\$130,000	\$132,000	\$135,000	\$137,000
GF Expenditure	(-)	(-)	(-)	(-)	(-)
Net Effect	\$125,000	\$130,000	\$132,000	\$135,000	\$137,000

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

Local Effect: None.

Small Business Effect: Minimal.

Analysis

Current Law: Generally, a person qualifies as a regulated lobbyist if they meet specified thresholds for spending or compensation related to communication with legislative or executive officials or employees, or other activities intended to influence legislative or executive action, if these activities do not fall within specified exemptions. A regulated lobbyist must register with the State Ethics Commission separately for each entity that has engaged the lobbyist for a lobbying purpose. The registration must be accompanied by a fee of \$50, credited to the Lobbyist Registration Fund.

The Lobbyist Registration Fund is used to offset the expenses of the lobbying function of the State Ethics Commission; any remaining fund balance reverts to the State general fund.

For the purpose of public ethics statutes, “interest” is defined as a legal or economic interest that is owned or held wholly or partly, jointly or severally, or directly or indirectly, whether or not the economic interests is subject to an encumbrance or condition. However, “interest” does not include a common trust fund or trust that forms part of a pension or profit-sharing plant that • has more than 25 participants; and • is determined by the IRS to be a qualified trust under § 401 or § 501 of the Internal Revenue Code.

Background: In its 2005 annual report, the Maryland State Ethic Commission recommended exemption of all State deferred compensation plans from the definition of interest in the public ethics statutes. The exemption in this bill includes college savings plans and qualified trusts created under more recent Internal Revenue Code provisions.

State Effect: The Ethics Commission advises that there were approximately 2,500 registrations filed by 700 individual lobbyists from November 2005 to October 2006, the most recent full year of data available. Based on this, fee revenues could increase by \$125,000 annually. To the extent that this revenue is used to pay for operations of the lobbying function of the Ethics Commission, currently financed with general funds, general fund expenditures could decrease.

Additional Information

Prior Introductions: None.

Cross File: None.

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

Fiscal Note History: First Reader - March 20, 2007
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