

**Department of Legislative Services**  
Maryland General Assembly  
2010 Session

**FISCAL AND POLICY NOTE**

House Bill 1570 (Delegate Mizeur)  
Rules and Executive Nominations

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**The Open Government Modernization Fund Act**

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This bill increases the lobbyist registration fee from \$100 to \$250 and establishes a new Maryland Government Modernization Fund. The fund consists of any fund balance in the Lobbyist Registration Fund at the end of each fiscal year, any funds appropriated to the fund by the State budget, and any other money accepted for the fund. The Maryland Government Modernization Fund, which is administered by the President of the Senate and the Speaker of the House, may be used only to increase the ability of the public to observe and participate in the legislative process. The fund's investment earnings accrue to the general fund, and any balance remaining at the end of any fiscal year reverts to the general fund.

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**Fiscal Summary**

**State Effect:** Special fund revenues increase by \$337,500 in FY 2011 from the increase to the lobbyist registration fee. Of that amount, \$319,500 reverts to the Maryland Government Modernization Fund at the end of FY 2011 and the remainder supports regulation and monitoring of lobbyists by the State Ethics Commission. Special fund expenditures by the Department of Legislative Services (DLS) increase by \$319,500 in FY 2012 to begin equipping legislative facilities for live and archived audio and visual Internet broadcasts. General fund revenues increase minimally in FY 2011 due to interest that accrues from the new fund. Out-year revenues reflect annualization, stable lobbyist registration revenues, and 4% annual increases in the cost of regulating and monitoring lobbyists. Out-year expenditure forecasts assume it takes three years to fully upgrade legislative facilities for Internet broadcasts. Based on future estimated fund balances, approximately \$392,300 reverts to the general fund in FY 2014 and \$378,000 reverts in FY 2015.

(in dollars)	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
GF Revenue	-	-	-	\$392,300	\$378,000
SF Revenue	\$657,000	\$869,300	\$856,100	\$842,300	\$828,000
SF Expenditure	\$319,500	\$738,800	\$825,300	\$798,300	\$756,000
Net Effect	\$337,500	\$130,500	\$30,700	\$436,200	\$450,000

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

**Local Effect:** None.

**Small Business Effect:** Meaningful impact on registered State lobbyists.

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## Analysis

**Current Law:** Lobbyists in the State must register annually with the State Ethics Commission and pay an annual registration fee of \$100 for each client they represent. The registration fee is credited to the Lobbyist Registration Fund, which is used to defray the expenses associated with regulating lobbyists in the State. Any balance remaining in the fund at the end of the fiscal year reverts to the general fund.

Registered lobbyists are subject to financial disclosure and other reporting requirements as well as restrictions on their interactions with public officials.

**Background:** The lobbyist registration fee was last increased from \$50 to \$100 by Chapter 200 of 2007. As expected, the increase roughly doubled the revenue generated by the registration fee on an annualized basis. Since fiscal 2007, the number of lobbyist registrations received and reviewed by the State Ethics Commission has remained fairly constant at between 2,900 and 3,000.

**State Fiscal Effect:** Revenues from the lobbyist registration fee totaled \$282,000 in fiscal 2009, and are projected at \$314,000 in the proposed fiscal 2011 State budget. However, that projection assumes modest growth in the number of lobbyist registrations, which has not occurred in several years. DLS therefore projects 3,000 lobbyist registrations in fiscal 2011 and total revenues of \$300,000 resulting from the current registration fee of \$100.

The State Ethics Commission estimates the actual cost of regulating and monitoring registered lobbyists to be \$318,000 in fiscal 2011. That figure is slightly above the projected revenues generated by the current registration fee. The commission notes that the Lobbyist Registration Fund has not had a fiscal year-end balance in recent years, so no funds have reverted to the general fund.

Assuming that three-quarters of all lobbyist registrations occur after the bill's October 1 effective date, an increase in the lobbyist registration fee to \$250 generates total revenues of \$637,500 in fiscal 2011, or \$337,500 more than the current fee. To the extent that lobbyists rush to register before the fee increase takes effect, the increase in revenue may be smaller. Based on projected expenditures of \$318,000, the Lobbyist Registration Fund ends fiscal 2011 with a balance of \$319,500, which reverts to the Maryland Government Modernization Fund. Because the reversion to the fund occurs at the end of the fiscal year, DLS assumes that no expenditures are made from the modernization fund in fiscal 2011, and that the balance is encumbered for fiscal 2012 instead of reverting to the general fund.

Although the bill does not identify specific uses for the Maryland Government Modernization Fund, DLS believes that the fund is used to, at a minimum:

- equip the Joint Hearing Room in the Legislative Services building, Senate hearing rooms, House of Delegates subcommittee rooms, and the House and Senate chambers with cameras, computer servers, and other equipment necessary to allow live and archived audio and visual Internet streaming of committee hearings and chamber proceedings (House standing committee rooms are already equipped, and the two chambers are equipped only for audio broadcasts);
- install electronic voting machines in committee rooms to allow committee votes to be recorded electronically; and
- upgrade the Maryland General Assembly web site to allow greater citizen participation and interaction with members and the legislative process.

As noted above, expenditures for these purposes do not begin until fiscal 2012 because the fund balance from the Lobbyist Registration Fund does not transfer to the Maryland Government Modernization Fund until the conclusion of fiscal 2011. Based on the estimated costs of installing the technological upgrades, DLS believes that funds in the Maryland Government Modernization Fund are fully expended or encumbered for three years, beginning in fiscal 2012.

Out-year revenues for both the Lobbyist Registration Fund and the Maryland Government Modernization Fund reflect annualization, stable lobbyist registration revenues, and 4% annual increases in the cost of regulating and monitoring registered lobbyists.

At the end of fiscal 2014, DLS estimates that the Lobbyist Registration Fund's balance of \$392,293 reverts to the Maryland Government Modernization Fund. Based on DLS's

assumption that no additional technological upgrades are funded in fiscal 2015, those funds do not need to be encumbered for the following year and therefore revert immediately to the general fund. Similarly, the lobbyist fund's balance of \$377,985 in fiscal 2015 reverts first to the modernization fund, and then immediately to the general fund.

**Small Business Effect:** Lobbyists who register with the State Ethics Commission incur a \$150 increase in the registration fee for each client they represent.

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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 - April 10, 2010  
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