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## STATE ETHICS COMMISSION

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MICHAEL W. LORD  
*Executive Director*

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February 18, 2020

The Honorable Paul G. Pinsky  
2 West Miller Senate Office Building  
11 Bladen Street  
Annapolis, MD 21401

Re: Senate Bill 927 – Public Ethics – Issue Lobbying Communications – Lobbyist  
Registration and Disclosure Requirements

Dear Mister Chairman:

I am writing to you concerning Senate Bill 927 – Public Ethics – Issue Lobbying Communications – Lobbyist Registration and Disclosure Requirements, which you recently introduced along with Senators Ellis, Guzzone, Kelley, Smith, and Zucker and has been assigned to the Education, Health, and Environmental Affairs Committee.

The State Ethics Commission will not take a position on this legislation as it addresses a policy matter the Commission believes is properly determined by the Legislature. The Commission does, however, wish to make you aware of the fiscal impact enactment of this legislation will have on the Commission so that you are not surprised by the fiscal note that will accompany this bill.

As you know, this bill creates a new category of lobbyists – entities that spend at least \$500 for “Issue Lobbying Communication” – who will be required to register in the same manner as all other categories of lobbyists with the State Ethics Commission. In addition to the registration requirement, the bill specifies certain reporting requirements by lobbyists who participate in issue lobbying communication. These reports include: 1) a report identifying the name and permanent address of each entity that: a) provided at least 5% of the regulated lobbyist’s total receipts during the preceding 12 months; or b) donated at least \$500 in aggregate to the regulated lobbyist’s total receipts during the preceding 12 months; 2) a report to be made within 48 hours after the date an entity makes an aggregate donation of \$5,000 or more to the regulated lobbyist during a 6-month reporting period; 3) a statement to be filed by a regulated lobbyist - other than an individual - if during a reporting period the regulated lobbyist received a "solicited donation" in the amount of \$50 (a solicited donation is a monetary or in-kind donation

or series of donations for a principally legislative or governmental purpose at the request, solicitation, or suggestion of an applicable State official (Governor, Lieutenant Governor, Attorney General, Comptroller, or member of the General Assembly)).

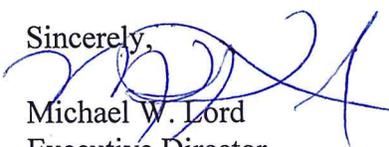
The foregoing addition of a new lobbyist registration category and the accompanying reporting requirements will necessitate significant changes to the Commission's electronic lobbyist registration and reporting system, which will include modifications to permit lobbyists to provide the required information and modifications and allow the public to access the reported information. The State Ethics Commission is only now in the concluding stages of completing a total and complete upgrade to the lobbyist registration and reporting system, which was accomplished under contract with a vendor. These changes will require a new contract which will take time and money. Based on the Commission's recent experience in upgrading the lobbyist registration and reporting system, as well as a recent total and complete upgrade to its financial disclosure system (which required follow on work at additional expense), the Commission's best estimate as to the cost of these new requirements is \$100,000. Of course, until the project is put out for bid, the best we can do is estimate.

In addition to the above, these new requirements will necessitate changes to the Commission's on-line lobbyist training program to reflect the new registration and reporting requirements. The lobbyist training program was also just recently totally upgraded, accomplished under contract with a different vendor. Based on the Commission's recent experience making another change to the training program, the Commission's best estimate for accomplishing the changes that will result from enactment of this legislation is \$5,000.

The total cost for these changes is estimated to be \$105,000. While that number may be insignificant to a large agency with a sizeable budget, it represents a substantial part of our budget. In addition to the cost, the Commission must address a timing issue since, as an emergency measure, the bill will take effect from the date it is enacted, well before any funding will be available to the Commission.

Thank you for your attention to this matter. Do not hesitate to contact me if you have questions about this or any other matter relating to the Ethics Commission.

Sincerely,

  
Michael W. Lord  
Executive Director

cc: The Honorable Arthur Ellis  
The Honorable Guy Guzzone  
The Honorable Delores G. Kelley  
The Honorable William C. Smith, Jr.  
The Honorable Craig J. Zucker