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House Bill 292 – Public Ethics– Gifts and Lobbyist Registration (Public Integrity Act of 2021)

Testimony before the Environment and Transportation Committee

The State Ethics Commission (“Commission”) takes no position on House Bill 292 – Public Ethics– Gifts and Lobbyist Registration (Public Integrity Act of 2021). The Commission defers to the General Assembly as to the appropriateness of enacting this bill, as is normally the case in matters affecting State ethics policy. However, the Commission does wish to provide input for consideration as the bill will have an impact on the Commission both fiscally and organizationally.

This legislation would modify the lobbying regulation provisions found in subtitle 7 of the Public Ethics Law, relating to registration fees. These provisions would increase the registration fee for each individual registration from its current amount of \$100 to \$300. The registration fee for individual lobbyists has been \$100 for each entity since 2008, when it was increased from \$50. This bill would also require the Ethics Commission, at the request of an individual registering on behalf of a nonprofit entity, to reduce the fee to \$100. Based on the more than 3,500 individual lobbying registrations from 2020, our office estimates that between a third and a half could be qualified nonprofit organizations.

The legislation would also amend a part of the Ethics Law (§5-505) limiting the amount of food and beverages that may be accepted by a member of the General Assembly or officials of the Legislative Branch in certain situations. The Commission takes no position on this change. However, the changes in the gift provisions and registration provisions of the Public Ethics Law will need to be incorporated into the Commission’s electronic lobbyist training system. Other online systems and information will also need to be amended and updated to reflect these legislative changes.

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, as well as modifications to the online payment system. The State Ethics Commission recently completed an upgrade to the lobbyist registration and reporting system, which was accomplished under contract with a vendor. These legislative changes will require a new work order and yearly maintenance contract. Based on the Commission’s recent experience in upgrading the lobbyist registration and reporting system, the Commission’s best estimate as to the cost of these new requirements is \$100,000.

This legislation will result in more revenue for the State Ethics Commission due to the increase in lobbying fees. However, under the provisions of the Public Ethics Law, all fees and fines collected under the lobbying provisions are transmitted to the Lobbyist Registration Fund created in Section 5-210 of the Public Ethics Law. This Fund can be used to defray the expenses of the lobbying provisions of the Public Ethics Law, but no other office expenses or activities. Any balance in the Fund is transferred to the General Fund at the end of each fiscal year.