

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

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FISCAL IMPACT STATEMENT

LS 7384

BILL NUMBER: HB 1350

NOTE PREPARED: Jan 6, 2009

BILL AMENDED:

SUBJECT: Lobbyist Activity Reports.

FIRST AUTHOR: Rep. Dvorak

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: **GENERAL**
 DEDICATED
 FEDERAL

IMPACT: State

Summary of Legislation: This bill requires a lobbyist to file monthly activity reports listing the expenditures and gifts that equal ten dollars or more in one day, or that together total more than \$50 during the calendar year, if the expenditures and gifts are made by the lobbyist or the lobbyist's agent to benefit: (1) a member of the General Assembly; (2) an officer of the General Assembly; (3) an employee of the General Assembly; or (4) a member of the immediate family of any of these persons. It requires the information reported on the monthly activity reports to be compiled and totaled on the semiannual activity reports.

The bill reduces from \$100 to \$10 the minimum reportable amount of a single gift that a legislator or a candidate for the General Assembly must report on the statement of economic interests. It reduces from \$250 to \$100 the amount of aggregate annual gifts that a legislator or a candidate for the General Assembly must report on the statement of economic interests. It requires the Lobby Registration Commission to impose a penalty of \$50 per day for each day a lobbyist's activity report is late up to a maximum of \$5,000 per report. (Under current law the penalty is \$10 per day up to a maximum of \$100 per report.)

The bill provides that a function to which the entire General Assembly is invited must be reported as a lobbying expense. It requires the Lobby Registration Commission to make statements, reports, and other documents filed with the commission available for public inspection in a searchable data base on the commission's website. The bill also provides that a person who knowingly or intentionally makes a false report under the lobbyist registration statute commits a Class D felony.

Effective Date: July 1, 2009.

Explanation of State Expenditures: *Lobby Registration Commission (LRC):* Requiring monthly activity

reports from lobbyists will result in increased administrative expenses. It is estimated that additional staff would be required, which would be an annual cost of \$20,000 to \$25,000.

Reducing the minimum reportable amount from \$100 to \$10 and reducing from \$250 to \$100 the amount of aggregate annual gifts that a legislator or a candidate for the General Assembly must report on an economic interests statement is also expected to increase expenditures. The increase in costs will be a direct result of the increase in reportable gifts.

The bill requires that the LRC provide a searchable data base available for public inspection. The LRC currently provides a searchable data base that is available to the public on their web site. The data base includes reports of legislative gifts and purchase statements.

Penalty Provision: This bill provides a Class D felony for those who knowingly or intentionally make a false report under the lobbyist registration statute. A Class D felony is punishable by a prison term ranging from six months to three years or reduction to Class A misdemeanor depending upon mitigating and aggravating circumstances. Assuming offenders can be housed in existing facilities with no additional staff, the marginal cost for medical care, food, and clothing is approximately \$1,825 annually, or \$5 daily, per prisoner. However, any additional expenditures are likely to be small. The average length of stay in Department of Correction (DOC) facilities for all Class D felony offenders is approximately ten months.

Explanation of State Revenues: *Late Fees:* The bill changes the late fee penalty from \$10 per day up to a maximum of \$100 per report to \$50 per day up to a maximum of \$5,000 per report. There are usually 50 to 100 late filers each deadline, with two activity report deadlines and one registration deadline. The LRC reports that gift reports are routinely late as well. Increasing the late fee will probably result in increased compliance with the deadlines.

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: LRC.

Local Agencies Affected:

Information Sources: Sarah Nagy, Indiana Lobbyist Registration Commission, 317-232-9860.

Fiscal Analyst: Jessica Harmon, 317-232-9854.