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FISCAL IMPACT STATEMENT

LS 7055

BILL NUMBER: HB 1353

NOTE PREPARED: Jan 7, 2012

BILL AMENDED:

SUBJECT: Limitation on Lobbyist Expenditures.

FIRST AUTHOR: Rep. Candelaria Reardon

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: GENERAL
 DEDICATED
 FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill provides that a person who has a business relationship with a governmental body may not give a gift to an employee of that governmental body or to an elected official that serves that governmental body. It defines "business relationship" as seeking or having a contract with a governmental body or being an executive or legislative branch lobbyist with the state. It provides exceptions for nominal gifts, gifts given between close relatives, and gifts given by a political action committee to an elected official. The bill also provides that a violation of the prohibition is a Class B misdemeanor, and it makes conforming amendments to various statutes.

Effective Date: January 1, 2013.

Explanation of State Expenditures: *Lobbyist Gifts:* The provisions of this bill concerning lobbyist gifts and entertainment could increase administrative expenditures of the Indiana Lobby Registration Commission (ILRC) by requiring the ILRC to amend procedures for both lobbyists and legislators. It is estimated that these provisions could be implemented through the use of existing staff and resources.

The bill also provides that if the State Ethics Commission finds violations concerning lobbyist gifts, then they may take any of the following actions under IC 4-2-6-12:

- (1) Impose a civil penalty upon a respondent not to exceed three times the value of any benefit received from the violation.
- (2) Cancel a contract.
- (3) Bar a person from entering into a contract with an agency or a state officer for a period specified by the Commission.

- (4) Order restitution or disgorgement.
- (5) Reprimand, suspend, or terminate an employee or a special state appointee.
- (6) Reprimand or recommend the impeachment of a state officer.
- (7) Bar a person from future state employment as an employee or future appointment as a special state appointee.
- (8) Revoke a license or permit issued by an agency.
- (9) Bar a person from obtaining a license or permit issued by an agency.
- (10) Revoke the registration of a person registered as a lobbyist under IC 4-2-8.
- (11) Bar a person from future lobbying activity with a state officer or agency.

Any impact will depend upon the extent that violations occur, and it will also depend upon possible actions taken by the State Ethics Commission.

Explanation of State Revenues: *Civil Penalties:* The State Ethics Commission may impose civil penalties of up to three times the value of any benefit received from violations concerning lobbyist gifts. Any civil penalties collected would be deposited in the state General Fund.

Penalty Provision: A person who violates the legislative gift provisions of this bill commits a Class B misdemeanor. If additional court cases occur and fines are collected, revenue to both the Common School Fund (from fines) and the state General Fund (from court fees) would increase. The maximum fine for a Class B misdemeanor is \$1,000. However, any additional revenue would likely be small.

Explanation of Local Expenditures: *Penalty Provision:* A Class B misdemeanor is punishable by up to 180 days in jail.

Explanation of Local Revenues: *Penalty Provision:* If additional court actions occur and a guilty verdict is entered, local governments would receive revenue from court fees. However, any change in revenue would likely be small.

State Agencies Affected: ILRC; State Ethics Commission.

Local Agencies Affected: Trial courts, local law enforcement agencies.

Information Sources:

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