

NORTH CAROLINA GENERAL ASSEMBLY

LEGISLATIVE FISCAL NOTE

BILL NUMBER: S.B. 290 Lobbying Law Amendments

SHORT TITLE: Lobbying Law Amendments

SPONSOR(S): Senator Miller

FISCAL IMPACT					
	Yes (X)	No ()	No Estimate Available ()		
	<u>FY 1999-00</u>	<u>FY 2000-01</u>	<u>FY 2001-02</u>	<u>FY 2002-03</u>	<u>FY 2003-04</u>
REVENUES	0	<u>May result in a \$600 - \$9000 revenue increase</u>			
PRINCIPAL DEPARTMENT(S) & PROGRAM(S) AFFECTED: Secretary of State.					
EFFECTIVE DATE: January 1, 2000.					

BILL SUMMARY: This bill will increase the penalty for filing a late lobbying expense report with the Secretary of State's office. Currently there is a one time late fee of \$10.00. The bill increases the late fee to \$10.00 per day for the first \$30.00 days, and \$50.00 per day thereafter. The maximum total fine is \$1000.00. It also increases the penalty for non-compliance with the requirement, moving it to a Class A1 misdemeanor. Under current law the non-compliance is a Class 1 misdemeanor.

ASSUMPTIONS AND METHODOLOGY: According to the Secretary of State's office, there are 429 lobbyists and 527 principals for the 1999 session.

The same source reports that there were 610 lobbyists and 656 principals for the 1997-8 biennium legislative sessions (1266 total). End of session reports were due to that office by October 27, 1997. One hundred sixty (160) lobbyists and principals did not file their reports by that date. Thus, 13% of lobbyists and principals were late filers. The Secretary of State reports that reporting late fees created \$950 in revenue in 1997. The average number of late filers for all four reporting periods (two post session expense reports and two supplemental reports) in the 1997-98 biennium was 147. The lobbyist average is 65. The average number of late filing principals is 90.

During the 1996 session, North Carolina had 584 lobbyists and 636 principals (1220 total). Of these principals and lobbyists, 278 submitted late reports. Therefore, in 1996, approximately 22.8% of the lobbyists and principals were late reporters. Late reporting fee estimates are not available for the 1996 session.

The Secretary of State's office believes that the number of late filers declined from 1995-96 to 1997-98 as a result of their increased efforts to contact lobbyists and principals about their reporting requirements.

North Carolina is one of only four states that link their reporting to the legislative calendar. Two of these states tie their reporting dates exclusively to the legislative calendar. North Carolina and West Virginia link their reporting period to the legislative session and annual dates. Of the states with a similar reporting calendar, one does not assess a dollar penalty, and another addresses the issue only when the late reporting is "willful and intentional" requiring court action. Neither drew revenue from penalties in 1997. The third state, New Mexico, charges a penalty of \$50 per day, to a maximum of \$5000. New Mexico revenue data is not available.

In surrounding states, only Georgia does not have a penalty. The average total late fee collections from the two states that provided revenue information, South Carolina and Florida, is \$4,275. In both states approximately 4% of lobbyists and principals were diligent in the 1997. Both have a progressive penalty system somewhat similar to the bill. Florida's penalty structure is most similar, with a \$50 per day fee and no maximum.

Assuming the 4% experience in Florida and South Carolina applied, under the bill North Carolina could expect approximately 50 individuals to be delinquent under the new system (1995-96 biennium and 1997-8 biennium average number of lobbyist and principals, times 4%). Given the experiences of Florida and South Carolina, these individuals would likely pay between \$25 and \$100 in fines, for potential revenue of \$1250 to \$5000 each filing period. This would be a revenue increase of \$300 to \$4050 after each legislative session, and a similar increase at the close of each calendar year. (1999-00 numbers are not used in this analysis because the current date is less than half way through the biennium. Therefore, these numbers are likely to increase next year). Since filings are required twice a year, the annual potential revenue increase is \$600 - \$9,000.

Because the revenue portion of the bill does not go into effect until January 1, 2000, and the reports are not due until 60 days after the close of the legislative session, there is no FY 1999-00 impact.

FISCAL RESEARCH DIVISION 733-4910

PREPARED BY: Linda Struyk Millsaps

APPROVED BY: Tom Covington

DATE: Thursday, April 22, 1999

SURVEY OF STATE LOBBYIST AND PRINCIPAL PENALTIES FOR LATE REPORTS

SURROUNDING STATES

	Penalty	Grace Period	Initial Fee	Before 30 Days	After 30 Days	Maximum	Number Accessed	Total Revenue
South Carolina (802)	yes	10 days	\$100	10/day	n/a	\$600	35	\$3,500
Virginia	yes	no	\$50	50/day after 10	n/a	n/a	?	?
Tennessee	yes	5 days	\$0	25/day	n/a	\$750	?	?
Kentucky	yes	no	\$0	100	n/a	\$1,000	0	\$0
Georgia	no	n/a	\$50	one time 25	n/a	\$75	0	\$0
Florida (5124**)	yes	no	\$0	50/day	n/a	n/a	206	\$5,050
North Carolina (1220)	yes	no	\$10		n/a	\$10	278	\$2,780

STATES WITH SIMILAR REPORTING TIMELINES

New Mexico	yes	no	n/a	50/day	n/a	\$5,000	?	?
South Dakota	no	n/a	n/a	n/a	n/a	n/a	n/a	n/a
West Virginia	willfully & intentional		n/a	n/a	n/a	n/a	n/a	n/a

* While the statutes impose the above fines, they are not enforced as a result of a court order.

States with similar reporting timelines are those states whose filing deadline is after a legislative session.



Signed Copy Located in the NCGA Principal Clerk's Offices