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FISCAL IMPACT REPORT

ORIGINAL DATE 2/11/09
LAST UPDATED 2/21/09 **HB** 553/aHCPAC

SPONSOR Steinborn

SHORT TITLE Disclosure of Lobbyist Expenses **SB**

ANALYST Wilson

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY09	FY10	FY11	3 Year Total Cost	Recurring or Non- Rec	Fund Affected
Total		Indeterminate See Below	Indeterminate See Below		Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

Relates to other ethics bills: HB 99, HB 151, HB 244, HB 252, HB 253, HB 272, HB 495, HB 535, HB 614, HB 686, SB 49, SB 94, SB 116, SB 128, SB 139, SB 140, SB 163, SB 258, SB262, SB 263, SB 269, SB 296, SB 346, SB 521 & SB 535

Relates to Appropriation in the General Appropriation Act

SOURCES OF INFORMATION

LFC Files

Responses Received From

Attorney General's Office (AGO)
 State Auditor (SA)
 State Personnel Office (SPO)
 Secretary of State (SOS)

SUMMARY

Synopsis of HCPAC Amendment

The House Consumer and Public Affairs Committee amendment to HB 553 does the following:

- Each registration and expenditure statement and each lobbying expense report as required by the Lobbyist Regulation Act shall be preserved by the SOS for a period of five years instead of ten years from the date of filing as a public record;
- Each registration and expenditure statement and each lobbying expense report shall be open to public inspection at any reasonable time and shall be preserved at the State Records Center for an additional five years; and
- Each registration and expenditure statement and each lobbying expense report shall be posted on the SOS's web site within ten days of receipt instead of 24 or 48 hours.

Synopsis of Original Bill

House Bill 553 establishes reporting requirements for lobbyists' employers under the Lobbyist Regulation Act (LRA). The bill adds a new section of the LRA and requires lobbyists' employers to report "lobbying expenses", which include expenditures paid by a lobbyist that are reimbursed by the lobbyist's employer and political contributions made by a lobbyist reimbursed by the lobbyist's employer. The bill sets certain reporting periods and deadlines for filing expense reports with the SOS.

The bill also extends the retention period from two years to ten years for registration and expenditure statements and lobbying expense reports maintained by the SOS. The bill also requires that registration and expenditure statements and lobbying expense reports be posted on the SOS website within 48 hours of receipt, except that if they are filed during the legislative session must be posted within 24 hours of receipt.

FISCAL IMPLICATIONS

It is not possible to determine the exact fiscal impact of this bill, but the SOS has offered some amendments that will allow them to meet the provisions of this bill with existing resources and not require additional funding. (See Alternatives Below)

SIGNIFICANT ISSUES

The AGO states this bill creates more transparency in government by requiring full disclosure of lobbyist expenses. Many states and local governments impose similar requirements on lobbyists.

ADMINISTRATIVE IMPLICATIONS

There may be an impact to the operating budget to the Secretary of State given the administrative duties required by this bill related to the filing of lobbyist employer expense reports and the electronic posting of those reports. The exact impact is unknown.

The bill establishes requirements for electronic posting of registration and expenditure statements and lobbying expense reports within 48 hours of receipt, except that if they are filed during the legislative session must be posted within 24 hours of receipt. It is unclear whether the Secretary of State's Office has the staff or IT resources to perform this duty.

RELATIONSHIP

- HB 553 relates to the following ethics bills:
- HB 99, Prohibit Former Legislators as Lobbyists
- HB 151, State Ethics Commission Act
- HB 244, Prohibit Contractor Contribution Solicitation
- HB 252, Political Contributions to Candidates
- HB 253, Quarterly Filing of Certain Campaign Reports
- HB 272, Quarterly Campaign Report Filing
- HB 495, Political Candidate & Committee Donations
- HB 535, Lobbyist Identification Badges
- HB 614, State Ethics Commission Act
- HB 686, AG Prosecution of State Officer Crimes
- SB 49, Governmental Conduct Act For Public Officers

SB 94, Prohibit Former Legislators as Lobbyists
SB 116, Limit Contributions to Candidates & PACs
SB 128, Require Biannual Campaign Reports
SB 139, State Ethics Commission Act
SB 140, State Ethics Commission Act
SB 163, Prohibit Former Legislators as Lobbyists
SB 258, Contribution from State Contractors
SB 262, Political Contributions to Candidates
SB 263, Contractor Disclosure of Contributions
SB 269, State Bipartisan Ethics Commission Act
SB 296, State Contractor Contribution Disclosure
SB 346, Political Contributions to Candidates
SB 521, Campaign Contributions in Certain Elections
SB 535, Election Definition of Political Committee

OTHER SUBSTANTIVE ISSUES

Among the states that enacted changes to their lobbying laws in the past several years are Alaska, Colorado, Connecticut, Florida, Georgia, Idaho, Louisiana, Maine, Minnesota, Missouri, Montana, New Hampshire, New York, North Carolina, Oklahoma, Oregon, Pennsylvania, Rhode Island, Tennessee, Virginia and West Virginia.

The reforms are broad and include:

- Creating stricter registration requirements;
- Requiring lobbyists to disclose how much they earn and spend on lobbying;
- Giving the public more access to registration and disclosure information;
- Banning or limiting lobbyists from paying for gifts and food, even a cup of coffee;
- Imposing a time period before legislators can become lobbyists;
- Creating ethics oversight by establishing ethics commissions and legislative ethics committees; and
- Giving oversight agencies more power to investigate violations of ethics laws.

By tightening existing lobbying laws and implementing new ones, state legislatures targeted an industry that most people think, for good or bad, helps shape public policy.

Florida may have started the trend in December 2005 when the Legislature passed one of the country's strictest gift laws. It prohibits lobbyists from buying lawmakers gifts and meals, even a cup of coffee. Lobbyists also have to report their income. Pushing the legislation was then-Senate President Tom Lee, who said he was uncomfortable with the wining and dining environment of lavish receptions and the money spent to influence how laws were made.

ALTERNATIVES

The Ethics Division of the SOS provided the following:

In order to reduce the cost of putting the requirements of this bill into practice, it would be necessary to extend the time frame that these documents are to be posted online. Registration forms are submitted to our office primarily in early January and throughout the legislative session, we suggest stating that they should be posted online within ten business days of receipt. Lobbyist and lobbyist employer reports are required to be filed on specific dates, we request a period of ten business days following the report date to

post them online. This effort would require the constant work of three current employees- the two Ethics Administrators and the SOS's webmaster, but it would not require additional staff.

Additionally a slight clarification regarding retention could help to ensure that costs do not increase in the future. We understand that it is important to extend the retention date of lobbyist records to ten years. However, in an attempt to avoid the need of additional memory space for our website, we recommend to specify that these records would be maintained online for a period of five years and maintained in paper form by Records & Archives for the remainder of the retention period proposed.

DW/mt