

**NORTH CAROLINA GENERAL ASSEMBLY
LEGISLATIVE FISCAL NOTE**

BILL NUMBER: S.B. 649 PCS

SHORT TITLE: Lobbyist Penalty

SPONSOR(S): Senator B. Miller

FISCAL IMPACT					
	Yes (X)	No ()	No Estimate Available ()		
	<u>FY 1998-99</u>	<u>FY 1999-00</u>	<u>FY 2000-01</u>	<u>FY 2001-02</u>	<u>FY 2002-03</u>
REVENUES	0	<u>May result in a \$225 - \$3750 revenue increase</u>			
PRINCIPAL DEPARTMENT(S) & PROGRAM(S) AFFECTED: Secretary of State.					
EFFECTIVE DATE: January 1, 1999.					

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 \$50.00 per day. 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 were 610 lobbyists and 497 principals for the 1997 legislative session (1107 total). End of session reports were due to that office by October 27, 1997. 121 lobbyists and principals did not file their reports by that date. At this point, 95 of those delinquent lobbyists and principals have filed late reports and paid the associated fees for that session. Twenty-six lobbyists and principals filled a late report but did not pay the late fee. As such, 11% of lobbyists and principals were late filers. The Secretary of State reports that reporting late fees created \$950 in revenue.

During the 1996 session, North Carolina had 584 lobbyists and 636 principals (1220 total). Of these principals and lobbyists, 278 submitted late reports. As such, 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 1996 to 1997 as a result of their increased efforts to contact lobbyists and principals about their reporting requirements.

North Carolina is one of only three states that link their reporting exclusively to the legislative calendar. One other state, West Virginia, links their reporting period to the legislative session and a series of 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.

Of our surrounding states, only Georgia does not have a penalty (see chart for explanation). 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 47 individuals to be delinquent under the new system (1996 and 1997 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 a total potential revenue of \$1175 to \$4700. This would be a revenue increase of \$225 to \$3750 after each legislative session.

There will be no 1998-9 fiscal impact to the bill because the last fees are collected after the legislative session.

FISCAL RESEARCH DIVISION

733-4910

PREPARED BY: Linda Struyk Millsaps

APPROVED BY: Tom Covington

DATE: July 15, 1998



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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.