

Fiscal impact reports (FIRs) are prepared by the Legislative Finance Committee (LFC) for standing finance committees of the Legislature. LFC does not assume responsibility for the accuracy of these reports if they are used for other purposes.

## FISCAL IMPACT REPORT

<b>SPONSOR</b> <u>HGEIC</u>	<b>LAST UPDATED</b> _____
	<b>ORIGINAL DATE</b> <u>03/12/23</u>
<b>SHORT TITLE</b> <u>Public Peace, Health, Safety &amp; Welfare</u>	<b>BILL</b> <u>CS/House Bill</u>
<u>Prohibit Certain Lobbying Activities</u>	<b>NUMBER</b> <u>522/HGEICS</u>
<b>ANALYST</b> <u>Hitzman</u>	

### ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT\* (dollars in thousands)

	FY23	FY24	FY25	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
<b>SOS Admin</b>	Indeterminate but minimal	Indeterminate but minimal	Indeterminate but minimal			<b>General Fund</b>

Parentheses ( ) indicate expenditure decreases.

\*Amounts reflect most recent analysis of this legislation.

Relates to Senate Bill 217, Senate Bill 218 & Senate Bill 34

### Sources of Information

LFC Files

#### Responses Received From\*

\*Because of the short timeframe between the introduction of this bill and its first hearing, LFC has yet to receive analysis from state, education, or judicial agencies. This analysis could be updated if that analysis is received.

## SUMMARY

### Synopsis of HGEIC Substitute for House Bill 522

The House Government, Elections and Indian Affairs Committee substitute for House Bill 522 adds a new section to the Lobbyist Regulation Act to prohibit lobbyists from directly or indirectly coercing or attempting to coerce or threaten a legislator, legislative committee, public officer or government employee to take certain actions or perform functions that benefit the lobbyist or lobbyist employer. The bill also prohibits lobbyists from offering money, sexual favors, or other valuable things or promise of those things for an outcome favorable to the lobbyist or lobbyist employer.

This bill does not contain an effective date and, as a result, would go into effect June 16, 2023, (90 days after the Legislature adjourns) if signed into law.

## FISCAL IMPLICATIONS

The bill does not contain an appropriation and will not likely have a fiscal impact outside of any

necessary compliance and oversight efforts, likely to be incurred at the Secretary of State's office. However, the bill does not specify if additional information needs to be reported by lobbyists regarding their activities or any other needed changes to the campaign reporting system to oversee and identify violators, so it is unclear if additional funding would be needed at the office to enforce this bill. However, if the office needs to meet these requirements, it is likely the office could do so within its existing resources, so the cost is scored as indeterminate but likely minimal.

## SIGNIFICANT ISSUES

The bill attempts to prohibit threats against legislators and others employees in public office, which provides protections for sitting members of the legislator and those named parties against threats. However, the bill does not specify any additional penalties for violating these provisions, so it is assumed that these provisions are governed by the provisions already existing in the Lobbyist Regulation Act. The act specifies that:

The secretary of state may conduct thorough examinations of reports and initiate investigations to determine whether the Lobbyist Regulation Act has been violated. Additionally, any person who believes that a provision of that act has been violated may file a written complaint with the secretary of state. The secretary of state shall adopt procedures for issuing advisory opinions, processing complaints and notifications of violations.

Therefore, the office will likely need to monitor and enforce the provisions in this bill in the same way it does other reported violations.

In regard to threats, the bill's provisions may bring about greater safety and security for employees and legislators who will now have an explicit means for pursuing civil penalties against those lobbyists who threaten them. However, it is unclear how many violations would be filed or pursued in civil actions following the enactment of this bill, so it is difficult to determine what the extent of any penalties would be in a given year and how many violators would be found guilty of such prohibited activities, so the demand on the office and the courts for pursuing violations is unknown.

The bill also attempts to limit the exchange of favors, including sexual favors or money, in exchange for a favorable outcome to the lobbyist or lobbyist employer. This seems to be an attempt to address *quid pro quo*, which in some cases can be considered a form of harassment or can be illegal depending on the requested exchanges to be made. This bill attempts to make *quid pro quo* exchanges of money and sexual favors for favorable lobbying outcomes as an attempt to bring greater accountability and integrity to the lobbying process. Some states have considered sex acts a form of gift to be banned, while others, such as North Carolina, have determined that sex acts are not considered "things of value" and therefore do not trigger a violation of gifting laws. New York proposed legislation that would consider the act of requesting sexual favors in its definition of sexual harassment and prohibits lobbyists from engaging in sexual harassment while lobbying, but the bill did not pass.

While the bill may be an attempt to bring about greater integrity and accountability by preventing some undesirable exchanges, the bill does not address how compliance efforts will occur and it will likely be difficult to enforce such provisions except in instances where a formal

complaint was filed by a victim or other party.

## **ADMINISTRATIVE IMPLICATIONS**

As noted, the Secretary of State's office would likely have to oversee complaints and take a role in the compliance and enforcement efforts for the new activities prohibited in the bill, but it is likely those needs could be absorbed by the agency's existing operating budget and staff.

## **CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP**

This bill relates to several other bills attempting to amend the Lobbyist Regulation Act, including Senate Bill 217, Senate Bill 218 and Senate Bill 34.

JH/ne