

*Colorado Legislative Council Staff Fiscal Note*  
**STATE and LOCAL  
 FISCAL IMPACT**

**Drafting Number:** LLS 10-0347  
**Prime Sponsor(s):** Sen. Steadman  
 Rep. Liston

**Date:** February 2, 2010  
**Bill Status:** Senate SVMA  
**Fiscal Analyst:** Bill Zepernick (303-866-4777)

**TITLE:** CONCERNING THE AUTHORITY OF THE SECRETARY OF STATE IN CONNECTION WITH THE REGULATION OF LOBBYISTS.

Fiscal Impact Summary	FY 2010-2011	FY 2011-2012
<b>State Revenue</b>		
Cash Funds		
Department of State Cash Fund	\$10,000 per year	
Fines Collection Cash Fund	Potential increase (<\$5,000)	
<b>State Expenditures</b>		
Cash Funds		
Department of State Cash Fund	\$47,360	\$0
<b>FTE Position Change</b>		
<b>Effective Date:</b> Upon signature of the Governor, or upon becoming law without his signature.		
<b>Appropriation Summary for FY 2010-2011:</b> See State Appropriations section.		
<b>Local Government Impact:</b> See Local Government Impact section.		

**Summary of Legislation**

The bill makes several changes to the regulation of lobbyists by the Secretary of State. Specifically, the bill does the following:

- requires volunteer lobbyists to register and file disclosure statements with the secretary, as currently required of professional lobbyists;
- allows the Secretary of State to set the registration fee paid by professional lobbyists in rule to cover the costs of regulating volunteer lobbyists and exempts volunteer lobbyists from paying the fee;
- imposes a new \$100 per day fine on lobbyists who fail to file disclosure statements within 10 days of the due date, in addition to the current \$10 per day fine;
- allows the Secretary of State to excuse the payment of penalties for late filings for bona fide personal emergencies;
- shifts lobbyist registration and disclosure periods to the state fiscal year rather than the calendar year as under current law; and
- specifies procedures to be taken if the General Assembly or Secretary of State revoke a person's lobbying privileges or registration.

## **State Revenue**

**The bill is expected to increase cash fund revenue in the Department of State Cash Fund by \$10,000 per year beginning in FY 2010-11.** This revenue results from increasing the late filing penalty for lobbyist disclosure forms. In addition, small amounts of revenue could be generated from fees on professional lobbyists and criminal fines. These revenue sources are described below.

***Late filing penalties.*** The bill could increase fine revenue in the Department of State Cash Fund from lobbyists by \$10,000 in FY 2010-11. This revenue increase is from lobbyists who file a disclosure form more than 10 days late. Under the bill, the late penalty increases by \$100 per day on the 11th business day. Most late disclosure forms are only a couple of days late, but a small number of lobbyists file forms significantly late. Under current law, the department receives about \$8,000 in late penalties per year. This analysis assumes that the \$100 per day penalty would be a significant deterrent to filing late, but that a small number of lobbyists will continue to file late, resulting in an additional \$10,000 in penalties in FY 2010-11.

***Fee Impact on Individuals, Families or Business.*** Section 2-2-322, C.R.S., requires legislative service agency review of measures which create or increase any fee collected by a state agency. This bill requires the Secretary of State to set fees on professional lobbyists at an amount sufficient to cover the costs of registering volunteer lobbyists. Given that the department is not expected to incur significant costs to process the registrations and disclosure statements of volunteer lobbyists, the impact on fees for professional lobbyists is estimated to be minimal, as is the amount of new fee revenue generated in the Department of State Cash Fund. The fiscal note assumes that the IT system costs identified for implementing volunteer lobbyist registration in the State Expenditures section of this fiscal note will be paid with available moneys in the department cash fund, rather than from fee increases levied on professional lobbyists.

***Fines.*** The bill may increase state revenue from fines, although less than \$5,000 in new state revenue is expected per year. According to Section 24-6-309, C.R.S., a lobbyist who refuses to register or file disclosure statements, or who deliberately files false information, can be charged with a misdemeanor and receive a penalty of up to 12 months imprisonment in a county jail, a fine of up to \$5,000, or both. Fine revenue that is not otherwise appropriated is deposited into the Fines Collection Cash Fund. Based on current compliance by professional lobbyists, no volunteer lobbyists are expected to be charged with or convicted of a misdemeanor related to this bill.

## **State Expenditures**

**The bill increases cash funds expenditures in the Department of State by \$47,360 in FY 2010-11.** This one-time cost is for modifying the lobbyist registration computer system so that the department can register volunteer lobbyists, adjust lobbyist filings to the state fiscal year, and track whether a lobbyist has been suspended by the General Assembly or had his or her registration revoked. It includes 640 hours of contract computer programming paid at a rate of \$74 per hour from the Department of State Cash Fund. The processing of new volunteer lobbyist registrations and disclosure statements can be handled within existing appropriations.

