

HF2393 - 0 - Lobbyist Registration and Reporting

Chief Author: **Mike Freiberg**
 Committee: **Elections Finance & Policy**
 Date Completed: **2/28/2023 10:05:34 AM**
 Agency: **Campaign Finance Board**

State Fiscal Impact	Yes	No
Expenditures		X
Fee/Departmental Earnings		X
Tax Revenue		X
Information Technology	X	
Local Fiscal Impact		
		X

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions shown in the parentheses.

State Cost (Savings)	Biennium			Biennium		
	Dollars in Thousands	FY2023	FY2024	FY2025	FY2026	FY2027
General Fund	-	-	-	-	-	-
Total	-	-	-	-	-	-
Biennial Total			-			-

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2023	FY2024	FY2025	FY2026	FY2027
General Fund	-	-	-	-	-
Total	-	-	-	-	-

LBO Analyst's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

LBO Signature: Chloe Burns **Date:** 2/28/2023 10:05:34 AM
Phone: 651-297-1423 **Email:** chloe.burns@lbo.mn.gov

State Cost (Savings) Calculation Details

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions are shown in parentheses.

*Transfers In/Out and Absorbed Costs are only displayed when reported.

State Cost (Savings) = 1-2		Biennium			Biennium	
Dollars in Thousands	FY2023	FY2024	FY2025	FY2026	FY2027	
General Fund	-	-	-	-	-	-
Total	-	-	-	-	-	-
Biennial Total			-			-
1 - Expenditures, Absorbed Costs*, Transfers Out*						
General Fund						
Expenditures	-	7	-	-	-	-
Absorbed Costs	-	(7)	-	-	-	-
Total	-	-	-	-	-	-
Biennial Total			-			-
2 - Revenues, Transfers In*						
General Fund	-	-	-	-	-	-
Total	-	-	-	-	-	-
Biennial Total			-			-

Bill Description

The bill modifies the information provided at the time a lobbyist registers with the Board, and changes the nature of the disclosure provided by lobbyists and lobbyist principals in reports to the Board.

Section 1 The definition of “designated lobbyist” is added to the defined terms for Chapter 10A. This definition is currently in the Board’s administrative rules, Minn. Rules 4511.0100, subpart 1a. It is a bad practice to define terms used in statute through administrative rule, the Board is using the opportunity provided by this legislation to move the definition into statute. A designated lobbyist reports the lobbyist’s disbursements on behalf of the principal and any disbursements made directly by the principal.

Section 2 Defines “General lobbying category” to mean an area of interest for the principal. The Board provides a set list of General lobbying categories for use by lobbyist at the time of registration.

Section 3 Defines “Legislative action” to include the development of legislation, the development of amendments to legislation, the adoption or rejection by a member of the legislature of a bill, amendment, resolution, report or confirmation. The definition also includes development of prospective legislation with a constitutional officer, and the action of the governor to approve or veto legislation.

Section 4 Increases the amount of personal funds that can be spent by an individual who is volunteering their time to lobby before the individual must register as a lobbyist. Under current statute a person who is not compensated to lobby may spend up to \$250 in personal funds to support their lobbying effort before they must register as a lobbyist. The legislation increases the spending threshold to over \$3,000 in personal funds in a calendar year. This is the same threshold (\$3,000) used as the compensation threshold for registration as a lobbyist.

Section 5 Defines the term “Official action of a metropolitan governmental unit” as any action that requires a vote or approval of one or more elected officials, or the action of an appointed or employed local official regarding the major expenditure or investment of public money.

Section 6 Defines “Specific subject of interest” as a particular topic or area of lobbying interest within a general lobbying category.

Section 7 Provides that a Board request to a lobbyist to provide more detailed information about a specific subject of interest disclosed on a periodic report is governed by the amendment and correction provisions of Chapter 10A.

Section 8 Requires at the time of registration that a lobbyist identifies the general lobbying categories that he or she intends to lobby on for a principal.

Section 9 Provides that the Board will develop lists of general lobbying categories and specific subjects of interest for use in submitting lobbyist registrations and disbursement reports. The Board will accept public comment and consider information provided by lobbyists when updating or maintaining the lists.

Section 10 Clarifies an existing requirement that a lobbyist whose lobbying disbursements are reported by another lobbyist (a reporting lobbyist) must provide information needed by the reporting lobbyist at least five days before the disbursement report is due. The current wording has the same requirement, but is not particularly clear or easy to understand.

Section 11 Requires a lobbyist to report the specific subjects of interest that the lobbyist worked on for the principal during the reporting period. The deleted language in this section eliminates the requirement for the lobbyist to report administrative costs associated with lobbying. In place of reporting administrative costs, the lobbyist reports their efforts to influence any of the following:

a) Administrative lobbying, the lobbyist identifies the state agency that was lobbied while adopting administrative rules. The lobbyist must identify the specific subjects of interest in the administrative rule, and the revisor rule draft number assigned to the rulemaking.
b) Metropolitan governmental official action, the lobbyist identifies the specific city, county, or metropolitan unit that he or she lobbied, and the specific subject of interest.
c) Legislative action, the lobbyist reports up to four specific subjects of interest for each general lobbying category that he or she lobbied on during the reporting period. If there are more than four specific subjects of interest then the lobbyist reports the four specific subjects of interest that were of the highest priority during the reporting period.
d) Public Utilities Commission, the lobbyist provides the project name for each rate setting, power plant and powerline siting, or granting of certification of need that he or she lobbies on during the legislation session.

This section also requires the lobbyist to report general lobbying subjects for the principal on each report. This section is effective January 1, 2024.

Section 12 - A lobbyist principal is required to file an annual report that discloses the total amount spent on lobbying in Minnesota during the prior calendar year. The current requirement is to report that amount to the nearest \$20,000. This section changes that reporting requirement to the nearest \$10,000, and requires the principal to report expenditures for each type of lobbying; legislative action, administrative action, Public Utilities Commission action, and metropolitan governmental unit action.

The amount reported for each type of lobbying includes the total compensation paid for that type of lobbying by the principal, and other costs associated with lobbyist as detailed in the section. The principal is also required to itemize expenditures over \$2,000 for paid advertising that urges members of the public to contact public or local officials to influence official actions.

Section 13 Clarifies that a principal may be represented by only one designated lobbyist at a time.

Section 14 Repeals a section of administrative rules requiring a lobbyist to report administrative costs related to lobbying. This is the administrative rule that was developed to provide detail to the deleted reporting requirements in section 11.

Assumptions

1. The Board already has a staff position that is responsible for the registration and reporting of lobbyists and principals. The legislation will not increase the number of individuals that will need to register with the Board as a lobbyist, or increase the number of lobbyist disbursement or principal reports filed with the Board. This fiscal note assumes that the Board will not need additional staff to administer the lobbying program under the provisions of this legislation.
2. This legislation changes the nature of the information disclosed to the Board on lobbyist disbursement and principal reports. Additional information on what subjects were lobbied on, and the entities that were lobbied, is required. However, the legislation also eliminates the need to report administrative costs related to lobbying. Most lobbyists and principals file reports with the Board using online applications developed by Board staff. The applications will need to be changed on the user side to collect the required information, and on the database side to

store the new information disclosed under this legislation. However, a prototype for the user side of the reporting application has already been developed by Board staff as a tool to understand how the reporting requirement would work in practice. Development of the tables needed to store the new information reported has not occurred, but the existing lobbyist database will continue to be used, and needed modifications can be done by the Board's existing IT staff. In short, this fiscal note assumes that outside vendors will not be needed to complete necessary changes to the lobbyist reporting applications, and that no additional FTE's are required in order for the Board to modify the reporting applications to comply with the new requirements of this legislation.

3. Providing training to lobbyists on the new reporting requirements will be conducted by existing staff. Most training will be conducted via WebEx. Because the effective date of the legislation is January 1, 2024, most of the training will occur in 2023. Most training offered by the Board is conducted by two staff members in the legal-analyst position. Additional staffing will not be required to support the training of lobbyists on the provisions of the legislation. Therefore, the projected IT staff costs are with existing personal, and will be absorbed by the Board's operational budget. Estimated It costs are shown in the expenditure and revenue formula section.

Expenditure and/or Revenue Formula

Programing and Database Administration Costs IT3 Position

	Hours	Hourly Salary plus benefits	Cost
Database Development	80	\$ 68.38	\$ 5,470
Programing for Report Applications	20	\$ 68.38	\$ 1,367
		Total	\$ 6,837

Long-Term Fiscal Considerations

N/A

Local Fiscal Impact

N/A

References/Sources

Agency Contact: Jeff Sigurdson (651-539-1189)

Agency Fiscal Note Coordinator Signature: Jeff Sigurdson

Phone: 651-539-1189

Date: 2/27/2023 3:07:49 PM

Email: jeff.sigurdson@state.mn.us