

NORTH CAROLINA GENERAL ASSEMBLY

LEGISLATIVE FISCAL NOTE

BILL NUMBER: S.B. 649

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 \$175 - \$3550 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 \$10.00 per day, up to 30 days. After thirty days, the daily fee increases to \$50.00. The maximum total fine is \$1000.00

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 file a 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.

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 considered “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.

Assuming the 4% experience in Florida and South Carolina applied, under the bill North Carolina could expect approximately 45 individuals to be delinquent under the new system. Given the experience of South Carolina and Florida, these individuals would pay between \$25 and \$100 in fines, for a total potential revenue of \$1125 to \$4500. This would be a revenue increase of \$175 to \$3550 after each legislative session.

TECHNICAL CONSIDERATIONS: These estimates are only provided to give a revenue range, since they are based on limited survey information. Each state’s experiences may be unique. Because the late fees are collected after the legislative session, no revenue is expected in FY 1998-9.

FISCAL RESEARCH DIVISION

733-4910

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DATE: June 23, 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.								