

LOBBYIST GIFT BAN

2007 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Ralph Becker

Senate Sponsor: _____

LONG TITLE

General Description:

This bill modifies the Lobbyist Disclosure and Regulation Act by banning certain gifts from lobbyists to public officials.

Highlighted Provisions:

This bill:

- ▶ defines gifts;
- ▶ prohibits public officials from receiving certain gifts; and
- ▶ repeals the existing section governing gifts.

Monies Appropriated in this Bill:

None

Other Special Clauses:

None

Utah Code Sections Affected:

AMENDS:

36-11-103, as last amended by Chapter 27, Laws of Utah 2003

36-11-401, as last amended by Chapter 338, Laws of Utah 2000

63A-1-105, as last amended by Chapter 176, Laws of Utah 2002

63E-1-404, as enacted by Chapter 201, Laws of Utah 2001

ENACTS:

36-11-501, Utah Code Annotated 1953



28 **36-11-502**, Utah Code Annotated 1953

29 REPEALS:

30 **36-11-304**, as enacted by Chapter 192, Laws of Utah 1995

31

32 *Be it enacted by the Legislature of the state of Utah:*

33 Section 1. Section **36-11-103** is amended to read:

34 **36-11-103. Licensing requirements.**

35 (1) (a) Before engaging in any lobbying, a lobbyist shall obtain a license from the
36 lieutenant governor by completing the form required by this section.

37 (b) The lieutenant governor shall issue licenses to qualified lobbyists.

38 (c) The lieutenant governor shall prepare a Lobbyist License Application Form that
39 includes:

40 (i) a place for the lobbyist's name and business address;

41 (ii) a place for the name and business address of each principal for whom the lobbyist
42 works or is hired as an independent contractor;

43 (iii) a place for the name and address of the person who paid or will pay the lobbyist's
44 registration fee, if the fee is not paid by the lobbyist;

45 (iv) a place for the lobbyist to disclose any elected or appointed position that the
46 lobbyist holds in state or local government, if any;

47 (v) a place for the lobbyist to disclose the types of expenditures for which the lobbyist
48 will be reimbursed; and

49 (vi) a certification to be signed by the lobbyist that certifies that the information
50 provided in the form is true, accurate, and complete to the best of the lobbyist's knowledge and
51 belief.

52 (2) Each lobbyist who obtains a license under this section shall update the licensure
53 information when the lobbyist accepts employment for lobbying by a new client.

54 (3) (a) Except as provided in Subsection (4), the lieutenant governor shall grant a
55 lobbying license to an applicant who:

56 (i) files an application with the lieutenant governor that contains the information
57 required by this section; and

58 (ii) pays a \$25 filing fee.

59 (b) A license entitles a person to serve as a lobbyist on behalf of one or more principals
60 and expires on December 31 of each even-numbered year.

61 (4) (a) The lieutenant governor may disapprove an application for a lobbying license:

62 (i) if the applicant has been convicted of violating Section 76-8-103, 76-8-107,
63 76-8-108, or 76-8-303 within five years before the date of the lobbying license application;

64 (ii) if the applicant has been convicted of violating Section 76-8-104 or 76-8-304
65 within one year before the date of the lobbying license application;

66 (iii) for the term of any suspension imposed under Section 36-11-401; or

67 (iv) if, within one year before the date of the lobbying license application, the applicant
68 has been found to have willingly and knowingly:

69 (A) violated Section 36-11-103, 36-11-201, 36-11-301, 36-11-302, 36-11-303,
70 [~~36-11-304~~], 36-11-305, [~~or~~] 36-11-403, or 36-11-502; or

71 (B) filed a document required by this chapter that the lobbyist knew contained
72 materially false information or omitted material information.

73 (b) An applicant may appeal the disapproval in accordance with the procedures
74 established by the lieutenant governor under this chapter and Title 63, Chapter 46b,
75 Administrative Procedures Act.

76 (5) The lieutenant governor shall deposit license fees in the General Fund.

77 (6) A principal need not obtain a license under this section, but if the principal makes
78 expenditures to benefit a public official without using a lobbyist as an agent to confer those
79 benefits, the principal shall disclose those expenditures as required by Sections 36-11-201.

80 (7) Government officers need not obtain a license under this section, but shall disclose
81 any expenditures made to benefit public officials as required by Sections 36-11-201.

82 (8) Surrender, cancellation, or expiration of a lobbyist license does not absolve the
83 lobbyist of the duty to file the financial reports if the lobbyist is otherwise required to file the
84 reports by Section 36-11-201.

85 Section 2. Section **36-11-401** is amended to read:

86 **36-11-401. Penalties.**

87 (1) Any person who willfully and knowingly violates Section 36-11-103, 36-11-201,
88 36-11-301, 36-11-302, 36-11-303, [~~36-11-304~~], 36-11-305, [~~or~~] 36-11-403, or 36-11-502 is
89 subject to the following penalties:

90 (a) an administrative penalty of up to \$1,000 for each violation; and
91 (b) for each subsequent violation of that same section within 24 months, either:
92 (i) an administrative penalty of up to \$5,000; or
93 (ii) suspension of the violator's lobbying license for up to one year, if the person is a
94 lobbyist.

95 (2) Any person who willfully and knowingly fails to file a financial report required by
96 this chapter, omits material information from a license application form or financial report, or
97 files false information on a license application form or financial report, is subject to the
98 following penalties:

99 (a) an administrative penalty of up to \$1,000 for each violation; or
100 (b) suspension of the violator's lobbying license for up to one year, if the person is a
101 lobbyist.

102 (3) Any person who willfully and knowingly fails to file a financial report required by
103 this chapter on the date that it is due shall, in addition to the penalties, if any, imposed under
104 Subsection (1) or (2), pay a penalty of up to \$50 per day for each day that the report is late.

105 (4) (a) When a lobbyist is convicted of violating Section 76-8-103, 76-8-107, 76-8-108,
106 or 76-8-303, the lieutenant governor shall suspend the lobbyist's license for up to five years
107 from the date of the conviction.

108 (b) When a lobbyist is convicted of violating Section 76-8-104 or 76-8-304, the
109 lieutenant governor shall suspend a lobbyist's license for up to one year from the date of
110 conviction.

111 (5) (a) Any person who willfully and knowingly violates Section 36-11-301,
112 36-11-302, or 36-11-303 is guilty of a class B misdemeanor.

113 (b) The lieutenant governor shall suspend the lobbyist license of any person convicted
114 under any of these sections for up to one year.

115 (c) The suspension shall be in addition to any administrative penalties imposed by the
116 lieutenant governor under this section.

117 (d) Any person with evidence of a possible violation of this chapter may submit that
118 evidence to the lieutenant governor for investigation and resolution.

119 (6) Nothing in this chapter creates a third party cause of action or appeal rights.

120 Section 3. Section **36-11-501** is enacted to read:

Part 5. Gifts

36-11-501. Definitions.

As used in this part:

(1) (a) "Gift" means a transfer of real or personal property for less than fair and adequate consideration.

(b) "Gift" does not mean:

(i) a campaign contribution properly received and reported as required under Title 20A, Chapter 11, Campaign and Financial Reporting Requirements;

(ii) compensation, food, beverages, entertainment, transportation, lodging, or other goods or services extended to a public official by a public official's employer;

(iii) a usual and customary commercial loan made in the ordinary course of business;

(iv) an award publicly presented in recognition of public service if the award is valued at less than \$50;

(v) informational or educational items, such as books, articles, periodicals, other written materials, newspapers, periodicals, audiotapes, videotapes, or other forms of communication with no substantial resale value and related to the performance of the recipient's official duties;

(vi) anything received from a person related by blood or marriage or a member of the public official's household unless the donor is acting as an agent or intermediary for another person not so related;

(vii) any devise or inheritance from a person related by blood or marriage or a member of the legislator's household unless the donor is acting as an agent or intermediary for another person not so related;

(viii) a gift that is not used and, no later than 30 days after receipt, is:

(A) returned to the donor;

(B) donated to a bona fide nonprofit charitable or educational organization and is not claimed as a charitable contribution for federal or state income tax purposes; or

(C) donated to a public body or to the Department of Administrative Services;

(ix) a gift or gifts from one member of the Legislature to another member of the Legislature;

(x) anything for which the public official pays or gives full value;

152 (xi) any service spontaneously extended to a public official in an emergency situation;

153 (xii) items received from a bona fide charitable, professional, educational, or business

154 organization to which the public official belongs as a dues-paying member, if:

155 (A) the items are given to all members of the organization without regard to individual

156 members' status or positions held outside of the organization; and

157 (B) the dues paid are not inconsequential when compared to the items received;

158 (xiii) funeral flowers or memorials to a church or a nonprofit organization given to

159 honor a public official, a person related to the public official by blood or marriage, or to a

160 member of the public official's household;

161 (xiv) unsolicited flowers, plants, and floral arrangements valued at less than \$50;

162 (xv) the cost of admission, attendance, or participation, and of food and beverages

163 consumed, at a public policy activity to which all members of the Legislature or all members of

164 a legislative committee, a legislative subcommittee, or a task force are invited;

165 (xvi) items valued at less than \$50 for a wedding or 25th or 50th wedding anniversary

166 celebration; or

167 (xvii) the cost paid, reimbursed, raised, or obtained by or for a public official for

168 attendance or participation, and for food and beverages consumed at, or in connection with, and

169 activities offered at or in connection with, and funds, goods, and services provided at or in

170 connection with, or for conducting conventions, conferences, or other events sponsored or

171 coordinated by multistate or national organization of, or including, state governments, state

172 legislatures, or state legislators.

173 (2) "Public official's immediate family" means:

174 (a) the public official's spouse;

175 (b) children living in the public official's household; or

176 (c) other persons living in the public official's household.

177 Section 4. Section **36-11-502** is enacted to read:

178 **36-11-502. Gifts prohibited.**

179 A lobbyist, principal, or government officer may not offer or give a gift valued at more

180 than \$5 to any public official or member of the public official's immediate family.

181 Section 5. Section **63A-1-105** is amended to read:

182 **63A-1-105. Appointment of executive director -- Compensation.**

- 183 (1) The governor shall:
- 184 (a) appoint the executive director with the consent of the Senate; and
- 185 (b) establish the executive director's salary within the salary range fixed by the
- 186 Legislature in Title 67, Chapter 22, State Officer Compensation.
- 187 (2) The executive director shall serve at the pleasure of the governor.
- 188 (3) For items donated to the state under Section 36-11-501, the executive director shall
- 189 dispose of each donated item by either:
- 190 (a) assigning the item to a state agency for its official use; or
- 191 (b) selling the item at a public sale and depositing the net proceeds from the sale into
- 192 the General Fund.

193 Section 6. Section **63E-1-404** is amended to read:

194 **63E-1-404. Penalties for violation.**

195 (1) A person who knowingly violates this part:

- 196 (a) is guilty of a third degree felony if the combined value of any compensation or
- 197 assets received by the person as a result of the violation is equal to or greater than \$10,000; or
- 198 (b) is guilty of a class A misdemeanor if the combined value of any compensation or
- 199 assets received by the person as a result of the violation is less than \$10,000.

200 (2) (a) In addition to any penalty imposed under Subsection (1), a person that violates

201 this part shall return to the successor of the independent entity any compensation or assets

202 received in violation of this part.

203 (b) If the assets received by the person in violation of this part are no longer in the

204 possession of the person, the person shall pay the successor of the independent entity an

205 amount equal to the fair market value of the asset at the time the person received the asset.

206 (3) Notwithstanding [~~Subsection~~] Section 36-11-401[~~(3)~~], if a lobbyist violates

207 Subsection 63E-1-402(2)(b)(i)[~~;~~];

- 208 (a) the lobbyist is guilty of the crime outlined in Subsection (1)[~~which~~]; and
- 209 (b) the crime shall be determined by the value of compensation or assets received by
- 210 the lobbyist.

211 Section 7. **Repealer.**

212 This bill repeals:

213 Section **36-11-304, Offering gift or loan -- When prohibited.**

Legislative Review Note
as of 1-25-07 10:37 AM

Office of Legislative Research and General Counsel

H.B. 178 - Lobbyist Gift Ban

Fiscal Note

2007 General Session

State of Utah

State Impact

Enactment of this bill will not require additional appropriations.

Individual, Business and/or Local Impact

Enactment of this bill likely will not result in direct, measurable costs and/or benefits for individuals, businesses, or local governments.

1/31/2007, 10:42:24 AM, Lead Analyst: Bleazard, M.

Office of the Legislative Fiscal Analyst