



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

May 21, 2007

H.R. 2316 **Honest Leadership and Open Government Act of 2007**

As ordered reported by the House Committee on the Judiciary on May 17, 2007

SUMMARY

H.R. 2316 would amend the Lobbying Disclosure Act of 1995 and the rules of the House of Representatives. Major provisions of the legislation would expand reporting requirements for lobbyists and Members of Congress and would prohibit lobbyists from making gifts to or financing travel for Members or Congressional employees. In addition, H.R. 2316 would require the Senate and the House of Representatives to provide free Internet access to information in lobbying reports and registrations filed with the Congress, including new reports that would be required under the bill concerning Congressional travel and lodging expenses.

CBO estimates that implementing H.R. 2316 would cost about \$1 million a year, beginning in fiscal year 2008, subject to the availability of appropriated funds. Enacting the bill could increase revenues and direct spending from fines and penalties on new violations of campaign finance laws, but CBO estimates that those effects would not be significant.

H.R. 2316 contains no intergovernmental mandates as defined in the Unfunded Mandates Reform Act (UMRA) and would impose no costs on state, local, or tribal governments.

H.R. 2316 would impose several private-sector mandates, as defined in UMRA, on the lobbying industry and certain political organizations. Based on information from the Secretary of the Senate and the Clerk of the House, CBO estimates that the aggregate direct cost of all of the mandates in the bill would fall below the annual threshold established by UMRA for private-sector mandates (\$131 million in 2007, adjusted annually for inflation).

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of H.R. 2316 is shown in the following table. The costs of this legislation fall within budget function 800 (general government).

	By Fiscal Year, in Millions of Dollars				
	2008	2009	2010	2011	2012
CHANGES IN SPENDING SUBJECT TO APPROPRIATION ^a					
Estimated Authorization Level	1	1	1	1	1
Estimated Outlays	1	1	1	1	1

a. Enacting the bill could also increase collections from civil and criminal penalties. Such penalties are recorded in the budget as revenues, and criminal penalties may later be spent. CBO estimates any resulting collections and spending would be less than \$500,000 a year.

BASIS OF ESTIMATE

For this estimate, CBO assumes that the bill will be enacted near the end of fiscal year 2007 and that spending will follow historical patterns for similar activities.

Spending Subject to Appropriation

The legislation would expand Congressional reporting requirements for lobbyists and would require the House and Senate to make information filed by lobbyists available on the Internet. Based on information provided by Congressional administrative staff, CBO estimates that Congressional offices and committees would spend about \$1 million annually to collect, maintain, and disseminate information provided by lobbyists.

Revenues and Direct Spending

Enacting H.R. 2316 could increase federal revenues and direct spending as a result of additional civil and criminal penalties for new violations of lobbying disclosure laws. Collections of civil penalties are recorded in the budget as revenues. Collections of criminal penalties are recorded in the budget as revenues, deposited in the Crime Victims Fund, and later spent without further appropriation. CBO estimates that any additional revenues and

direct spending that would result from enacting the bill would not be significant because of the relatively small number of cases likely to be involved.

ESTIMATED IMPACT ON STATE, LOCAL, AND TRIBAL GOVERNMENTS

H.R. 2316 contains no intergovernmental mandates as defined in UMRA and would impose no costs on state, local, or tribal governments.

ESTIMATED IMPACT ON THE PRIVATE SECTOR

H.R. 2316 would impose several private-sector mandates, as defined in UMRA, on the lobbying industry and certain political organizations. The bill would impose new restrictions on lobbying activities and require lobbying entities, coalitions and associations to submit additional reports and disclosures to the Secretary of the Senate and the Clerk of the House. Based on information from those offices, CBO estimates that the aggregate direct cost of all of the private-sector mandates in the bill would fall below the annual threshold established by UMRA (\$131 million in 2007, adjusted annually for inflation).

The bill would impose several new requirements on lobbyists and lobbying organizations. Requirements on lobbyists and lobbying organizations would include but not be limited to:

- Electronic filing of lobbyist registrations and disclosure reports filed with the Secretary of the Senate or the Clerk of the House of Representatives;
- Quarterly, instead of semiannual, filing of lobbying disclosure reports; and
- Additional information in registration and disclosure reports including information on:
 - Contributions to members, Congressional staff, federal officers and political entities by lobbyists;
 - Any gifts distributed by lobbying entities; and
 - Whether or not each registered lobbyist had prior experience as a covered executive or legislative branch official.

As of January 1, 2006, all lobbyists and lobbying organizations must register and file semiannual disclosure reports electronically with the Clerk of the House. However,

electronic reporting is still optional for lobbyists and lobbying organizations filing in the Senate. Since all lobbyists must file similar reports with both the Clerk of the House and the Secretary of the Senate, the incremental cost of filing reports electronically with the Secretary of the Senate should be minimal. Because such entities already collect the information requested in the registration and disclosure reports, CBO estimates that the incremental costs associated with the new reporting requirements in the bill would not be substantial relative to UMRA's annual threshold for private-sector mandates.

The bill also would amend the Lobbying Disclosure Act of 1995 to require certain coalitions and associations to file disclosure reports. Those entities are not currently required to file disclosure reports with the Secretary of the Senate or the Clerk of the House. CBO expects the cost of compliance for those organizations to be small, relative to UMRA's annual threshold for private-sector mandates, because the reports would be filed electronically and the organizations would not be required to collect additional information.

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