CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE

March 6, 2005

S. 2128
Lobbying Transparency and Accountability Act of 2006

As reported by the Senate Committee on Homeland Security and Governmental Affairs on March 3, 2006

S. 2128 would amend the Lobbying Disclosure Act of 1995. CBO estimates that implementing S. 2128 would cost about $1 million annually, assuming appropriation of the necessary amounts. Enacting the legislation also could affect federal revenues by increasing collections of fines and penalties, but CBO estimates that any increase in such collections resulting from enactment of S. 2128 would not be significant.

Estimated Impact on the Federal Budget

S. 2128 would create a 10-member Congressional commission to analyze, review, and report on lobbying issues. Based on the cost of staffing and equipping similar Congressional commissions, CBO estimates that operating the new commission would cost about $1 million annually.

The legislation would also expand reporting requirements for lobbyists to register and file with the Secretary of the Senate and the Clerk of House of Representatives. Some Congressional offices and committees could incur additional costs to implement the new reporting requirements and ethics training. CBO estimates that those requirements would cost less than $500,000 a year.

Estimated Impact on State, Local, and Tribal Governments

S. 2128 contains an intergovernmental mandate as defined in the Unfunded Mandates Reform Act (UMRA), but CBO estimates that the costs to the state, local, and tribal governments, if any, would be minimal and would not exceed the threshold in UMRA ($64 million in 2006, adjusted annually for inflation).

Provisions in title 5 would authorize new subpoena power for the commission. This authority would be an intergovernmental mandate as defined by UMRA. Since the authority would probably be used rarely, it would not likely impose significant costs. Thus, any such costs would not exceed the threshold established in UMRA. Other provisions of the bill would impose no direct costs on state, local, or tribal governments.

Estimated Impact on the Private Sector

S. 2128 would impose several private-sector mandates, as defined in UMRA, on the lobbying industry. The bill would impose new restrictions on lobbying activities and require lobbyists and lobbying organizations to submit additional reports and disclosures to the Senate Office of Public Records and the Office of the Clerk of the House. The bill would require certain grassroots organizations hired by registered lobbying entities to register with the Secretary of the Senate and the Clerk of the House. The bill also could compel private entities to provide information to the Commission to Strengthen Confidence in Congress established by the bill. Based on information from government sources, CBO estimates that the total direct cost of all of the mandates in the bill would fall below the annual threshold established by UMRA for private-sector mandates ($128 million in 2006, 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;

- Submitting annual reports outlining major contributions to members and congressional staff and whether 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 to 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 to both the Clerk of the House and the Secretary of the Senate, the incremental cost of filing reports electronically to the Senate should be minimal. Generally, 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 define a new category of lobbying that would include certain paid efforts to stimulate grassroots lobbying. Grassroots lobbying firms as defined in the bill would have to register and file reports with the Secretary of the Senate and the Clerk of the House of Representatives under certain conditions. According to government sources, those firms would have to submit registrations electronically and would not be charged a registration fee. CBO estimates that the costs associated with complying with the mandate would not be substantial relative to UMRA's annual threshold for private-sector mandates.

In addition, entities in the private-sector, if subpoenaed, would be required to provide testimony, evidence, or materials related to any investigations the Commission may conduct. Such a requirement would be a mandate as defined in UMRA. Based on information from government sources, CBO expects that the Commission would likely exercise their subpoena power rarely and that the costs to comply with a subpoena would not be significant. Thus, CBO expects the costs of this mandate would be small relative to the annual threshold established by UMRA.

CBO Staff Contacts

The CBO staff contacts for this estimate are Deborah Reis and Matthew Pickford (for federal costs), Sarah Puro (for the state and local impact), and Craig Cammaratta (for the private-sector impact). This estimate was approved by Peter H. Fontaine, Deputy Assistant Director for Budget Analysis.