

# Lobbyist Compliance



## Objective

The objective of this audit was to determine whether lobbyists are complying with City Code provisions.

## Background

City Council ordinance number 20160922-005 repealed and replaced Chapter 4-8 (Regulation of Lobbyists) of the City Code and took effect on June 1, 2017.

The new lobbyist provisions require a person to register as a lobbyist with the City Clerk, as well as pay applicable fees and file timely reports, if the person meets the following requirements:

- receives compensation or reimbursement of \$2,000 or more in a calendar quarter to lobby and spends 26 hours or more of compensated time in a calendar quarter lobbying; or
- spends \$500 or more in a calendar quarter to lobby, excluding personal travel, food, and lodging expenses.

The City Auditor is required to conduct an annual audit of registrants to ensure that their filings are in compliance with Code provisions and note any apparent violations.

## What We Found

**Lobby registrants are generally in compliance with City Code provisions, but we found one issue related to nonprofit registration fees that is an apparent violation.**

We reviewed the filings of eight registered lobbyists and found that one lobbyist paid the \$25 nonprofit registration fee, but reported lobbying on behalf of three nonprofit clients. The City ordinance states that this fee applies to a “regular employee of a 501(c)(3) nonprofit organization, whose only lobbying activity is for the person’s regular employer.” Based on this finding, we tested two additional nonprofit lobbyists in our sample and determined that they were in compliance with the requirements.

### Additional Observations:

Some City Code provisions related to lobbyists may not be clear or fully contribute to the effective enforcement of Code requirements:

- Duty is on lobbyists to interpret and apply the Code provisions.
- City roles are unclear and enforcement efforts are not proactive.
- Current City administration and oversight efforts are limited.
- City departments have identified Code improvements for consideration.

The City does not have a proactive process to use the lobbyist information it collects and track lobbying activities:

- Information required to be provided on visitor sign-in sheets was not always consistent or complete.
- Information collected by the City does not appear to be used or analyzed.
- Indications that approximately 10 percent of visitors not registered as a lobbyist could possibly meet the conditions to register as a lobbyist.

In response to a request from the Council Audit and Finance Committee, we found that approximately 20 percent of City of Austin registered lobbyists are also registered lobbyists with the state of Texas. In 2018, 23 of 107 City lobbyists were registered with the state. In 2019, 18 of 95 City lobbyists were registered with the state.

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## What We Found, Continued

Exhibit: Most of the Registered Lobbyist Filings Were in Compliance With City Code Provisions

Registration Category	Annual Registration Fee	Sample of Registrants Tested	Results
Individual	\$300		
Business Entity	\$100/bus. + \$50/employee		
Nonprofit Organization	\$25		

SOURCE: Office of the City Auditor analysis of required filings for registered lobbyists, November 2018.

## Next Steps

We intend to issue a memorandum to the City Clerk, City Attorney, and the Ethics Review Commission to provide notice of the apparent violation noted in this report. We will issue this notice within 14 days of the acceptance of this report by the Council Audit and Finance Committee.

The Office of the City Clerk is in the process of implementing an online filing system which is intended to improve the accuracy and compliance of filings. In addition to implementing this new system, we encourage the Office of the City Clerk to partner with the Law Department to identify and document improvements to the Regulation of Lobbyist chapter in City Code and present them to City Council for consideration, as needed.