

## **STATEMENT OF SMALL BUSINESS IMPACT**

Pursuant to the City of Boston Ordinances, section 2-12.5, all City of Boston departments, in promulgating rules and regulations, shall adhere to the requirements of the Massachusetts Administrative Procedure Act, Mass. Gen. Laws ch. 30A, provided, however, that the City Clerk shall perform those duties designated in chapter 30A to be performed by the Secretary of the Commonwealth. Mass. Gen. Laws ch. 30A, § 2 requires that a small business impact statement be filed with the notice of a public hearing and be attached therewith. The small business impact statement shall include an estimate of the number of small businesses subject to the proposed regulations; projected reporting, recordkeeping and other administrative costs required for compliance with the proposed regulations; the appropriateness of performance standards versus design standards; an identification of regulations of the promulgating agency, or of another agency or department, which may duplicate or conflict with the proposed regulations; and an analysis of whether the proposed regulations are likely to deter or encourage the formation of new businesses within the City of Boston.

### **Number of Small Business Affected by Proposed Regulations**

The Commission cannot reasonably and accurately estimate every small business that currently is not registered as a lobbyist or client under the Lobbyist Registration and Regulation Ordinance found at section 2-15 of Chapter 2 of the City of Boston Code, Ordinances (the “Ordinance”) but may engage in lobbying activity under the Ordinance in the future and therefore trigger the Ordinance’s and the proposed regulations’ annual registration and quarterly reporting requirements. Of the current registrants, approximately 67 small businesses will be subject to the proposed regulations if approved in their current form. This figure was developed by applying the existing revenue or workforce thresholds of the federal Small Business Administration to all lobbying entities or clients that have registered with the Office of the City Clerk pursuant to the Ordinance since its effective date in April 2019. It is possible that additional small businesses could be affected by the proposed regulations should a small business begin engaging in activity that requires registration and reporting under the Ordinance, whether such small business is a lobbying entity or client of a lobbying entity or lobbyist.

### **Projected Reporting, Recordkeeping, and Other Administrative Costs**

The proposed regulations do not impose additional reporting, recordkeeping, or other administrative costs beyond the reporting, recordkeeping, and administrative costs that may be incurred by lobbying entities, lobbyists, or their clients under the Ordinance. Instead, the proposed regulations implement, clarify, and define various provisions of the Ordinance. The following statements of reporting, recordkeeping, or other administrative costs apply to all lobbying entities, lobbyists, and their clients irrespective of whether a lobbying entity, lobbyist, or client qualifies as a small business.

Lobbyists, lobbying entities, and clients must register annually with the Office of the City Clerk under the Ordinance. The fee associated with the annual registration is also provided for by the Ordinance. Certain qualified not-for-profit entities, clients that employ fewer than ten employees and have been in business for fewer than five years, or lobbyists that exclusively

represent such clients may apply for waivers from the annual registration fee. The Commission expects that there may be administrative costs associated with preparing documentation to request and support a fee waiver.

The Ordinance requires that lobbyists, lobbying entities, and clients file quarterly reports online with the Office of the City Clerk concerning their lobbying activity. The proposed regulations, however, do not impose any additional registration or reporting costs associated with the annual registration and quarterly reporting requirements because said mandates come from the Ordinance itself.

#### Appropriateness of Performance Standards Versus Design Standards

Performance standards are not appropriate for these regulations. The regulations are being proposed in order to provide further clarification, definition, and standards to assist lobbying entities, lobbyists, and clients understand their obligations under the Ordinance and to allow the Commission to identify when violations of the Ordinance have occurred, how investigations of possible violations will be conducted, and what due process should be afforded to lobbying entities, lobbyists, or clients during enforcement proceedings. Design standards are necessary so that lobbying entities, lobbyists, and clients can understand to whom the Ordinance applies and provide for predictability and uniformity in reporting obligations and enforcement proceedings.

#### Identification of Duplicate or Conflicting Regulations

The Commission has not identified any conflicting or duplicate regulations of any other City of Boston department, agency, board, or commission.

#### Analysis of Whether the Proposed Regulations are Likely to Deter or Encourage the Formation of New Businesses Within the City of Boston

The Commission does not expect that the proposed regulations will have any significant impact on whether lobbying entities, lobbyists, or clients decide to establish a physical presence in Boston. The proposed regulations only affect lobbying entities, lobbyists, or clients that influence or attempt to influence certain legislative, administrative, or policy actions or determinations of City of Boston elected officials and employees irrespective of whether the lobbying entity, lobbyist, or client has a physical presence in the City of Boston. Furthermore, the Commission expects that a majority of Boston-registered lobbying entities, lobbyists, and clients also currently submit biannual reports to the Secretary of the Commonwealth under the Massachusetts Lobbying Law. The requirements of the reports that are to be submitted to the Office of the City Clerk under the Ordinance are not materially different from the reports currently required under state law except that the Ordinance requires reporting four times a year.

The Commission believes that the Ordinance may encourage the formation of new businesses, albeit very few. Certain law firms and attorneys have suggested the possibility of spinning off lobbying practices from their legal practices because in some instances attorneys interacting with City employees on behalf of clients may trigger the registration and reporting

requirements of the Ordinance. Such formation would not be a direct result of the proposed regulations, but as a result of the Ordinance.