



**LOBBYING DISCLOSURE  
IN PENNSYLVANIA**

**2014 ANNUAL REPORT**

**PENNSYLVANIA DEPARTMENT OF STATE**

**June 2015**

**Tom Wolf  
Governor**

**Pedro A. Cortés  
Secretary of the Commonwealth**

# Summary of Act 134 of 2006

This Act amends Title 65 (relating to public officers) providing for regulation and disclosure of lobbying activity.

The Act establishes the authority of the legislature to regulate persons employed to influence the actions of the General Assembly and the Executive Department in a "fair and equitable manner." It expressly states that membership in a regulated profession shall not excuse a lobbyist from compliance. The Act defines lobbying as "an effort to influence legislative action or administrative action" and includes direct or indirect communication, office expenses, and providing any gift, hospitality, transportation or lodging to a state official or employee for the purpose of advancing the interest of a lobbyist or principal.

The Act defines "administrative action" to include:

- An agency's:
  - o proposal, consideration, promulgation or rescission of a regulation;
  - o development or modification of a statement of policy;
  - o approval or rejection of a regulation; or
  - o procurement of supplies, services and construction under 62 Pa.C.S. (relating to procurement).
- The review, revision, approval or disapproval of a regulation under the Regulatory Review Act.
- The Governor's approval or veto of legislation.
- The nomination or appointment of an individual as an officer or employee of the Commonwealth.
- The proposal, consideration, promulgation or rescission of an executive order.



The Act defines "legislative action" to include an action taken by a state official or employee involving the preparation, research, drafting, introduction, consideration, modification, amendment, approval, passage, enactment, tabling, postponement, defeat or rejection of:

- legislation;
- legislative motions;
- a veto by the Governor;
- confirmation of appointments by the Governor;
- appointments to public boards; and
- commissions by a member of the General Assembly.

# Registration

A lobbyist, lobbying firm or principal must file a biennial registration with the Department of State, unless exempt under §13A06 of Act 134 of 2006. This registration must be filed within ten days of acting in any capacity as a lobbyist, lobbying firm or principal. See the definition of “engaging in lobbying” in the regulations at 51 Pa. Code § 51.1. Registration must include a \$200 registration fee to be received within five days of filing the registration statement, either online or by paper. The most common exemptions from registration include:

--§13A06(4): “an individual whose economic consideration for lobbying, from all principals presented, does not exceed \$2,500 in the aggregate during any reporting period”<sup>1</sup>

and

--§13A06(5): “an individual who engages in lobbying on behalf of the individual’s employer if the lobbying represents less than 20 hours during any reporting period.”

A full list of registration exemptions can be found in §13A06 of Act 134 of 2006.

Lobbyists must also supply a photo within five days of filing a registration statement.

Lobbyists, lobbying firms and principals may register online at [www.dos.pa.gov](http://www.dos.pa.gov). If filing online,

registrants may pay the registration fee online with a credit card. If paying by check, the registrant must print a remittance form that has been pre-populated with their specific information and mail it along with the registration fee. Registration forms can also be found on the Department’s website ([www.dos.pa.gov](http://www.dos.pa.gov)). The registration forms can be printed and mailed, or faxed to the Department. Once the registration, registration fee and photo (lobbyists only) are received by the Department, registration is considered complete. A registration number is then issued, starting with the letter P for principals, F for firms or L for lobbyists.

Because filing online is faster and more convenient, the Department has seen continued increase in registrations submitted online. The number of registrations tends to be higher during the first year of a biennial registration period. This information is illustrated through the graphs contained on the following pages.

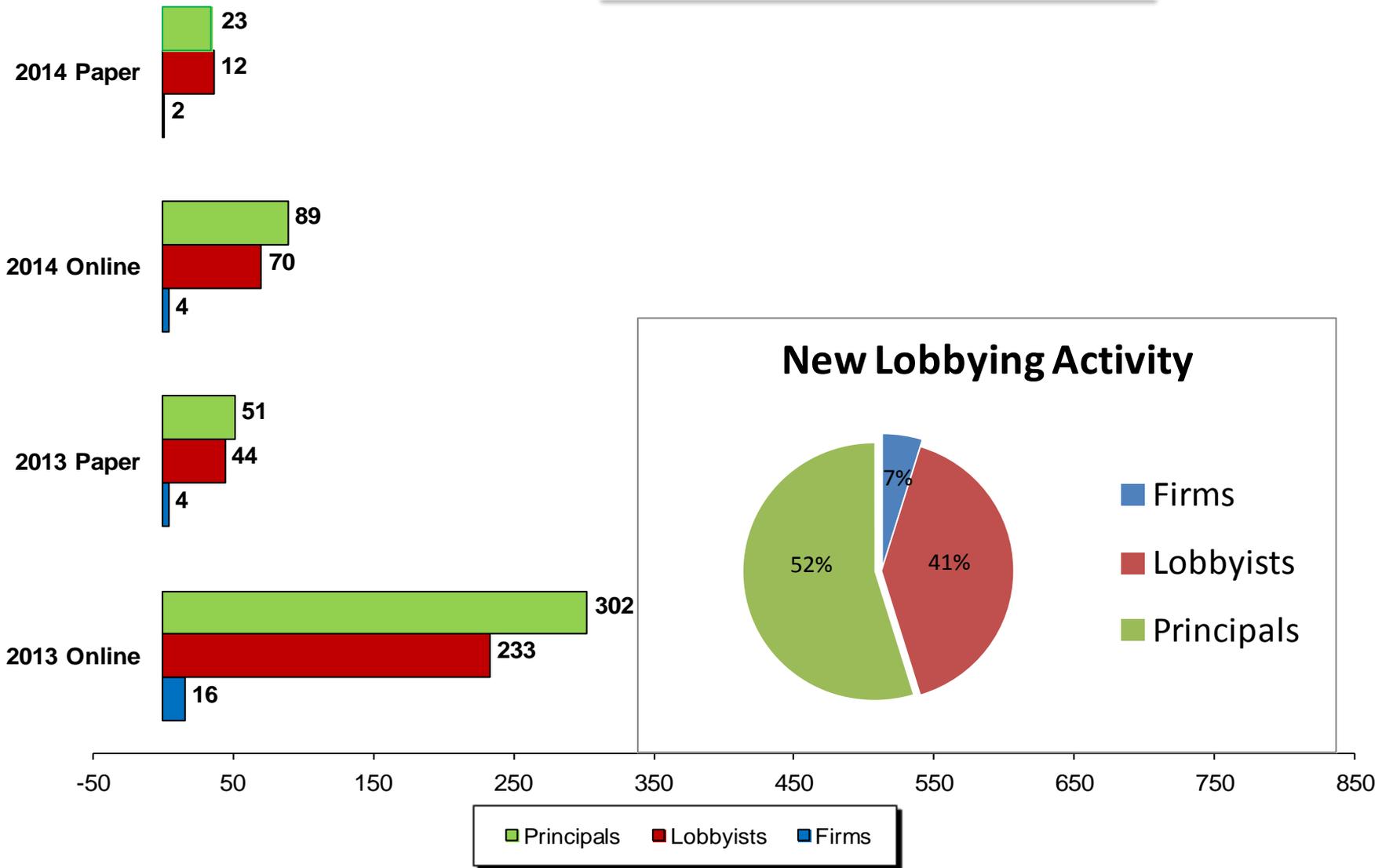
If any registration information changes, the registrant is required to notify the Department of that change by filing an amendment form within 14 days of the change taking place. These forms are available on the Department’s website. Amendments may also be completed online.

If a registrant intends to cease lobbying activity in the Commonwealth, the registrant may file a notice of termination. If a former registrant wishes to begin lobbying activity after filing a notice of termination, the former registrant must initiate a new registration statement.

<sup>1</sup> The Department published notice in the Pennsylvania Bulletin on May 30, 2015, announcing that the reporting threshold amount will be raised to \$3,000 on January 1, 2017, beginning in the 2017-2018 reporting period.

# New Registration Comparison

Paper and Online Filings of Firms, Lobbyists and Principals for 2014 and 2013



# Registration Renewals

A lobbyist, lobbying firm or principal must renew their registration with the Department of State (Department) at the beginning of each new biennial registration period, unless exempt under §13A06 of Act 134 of 2006.

Lobbying registrations expire approximately ten (10) business days after the beginning of the new registration period. A registration renewal must be filed within ten (10) days of acting in any capacity as a lobbyist, lobbying firm or principal. See the definition of “engaging in lobbying” in the regulations at 51 Pa. Code § 51.1. Registration must include a \$200 registration fee to be received within five days of filing the registration statement, either online or by paper.

At the time of renewal, registrants are responsible for reviewing their current registration record for any updates or changes that should be made to ensure accurate disclosure.

Registrants have the option of renewing their registration online or by paper. Registrants also have the option of paying their renewal fee by credit card if they are completing the renewal online.

Registrants are strongly encouraged to use their current registration record to complete their renewal. Some registrants erroneously create new registration records when attempting to renew their registration. This can create gaps in the continuity of registration information and problems in accurately assessing non-compliance issues.

Because renewing online is faster and more convenient, the Department has seen a higher volume of registration renewals completed online. These numbers are illustrated in the graphs contained on the following page.

All registrations that are not renewed by mid-January of the new registration period automatically change to a status of “expired.” If a registrant is not actively lobbying at this time, they may choose to wait until they exceed the thresholds for registration before renewing their registration. The most common exemptions from registration include:

--§13A06(4): “an individual whose economic consideration for lobbying, from all principals presented, does not exceed \$2,500 in the aggregate during any reporting period”

and

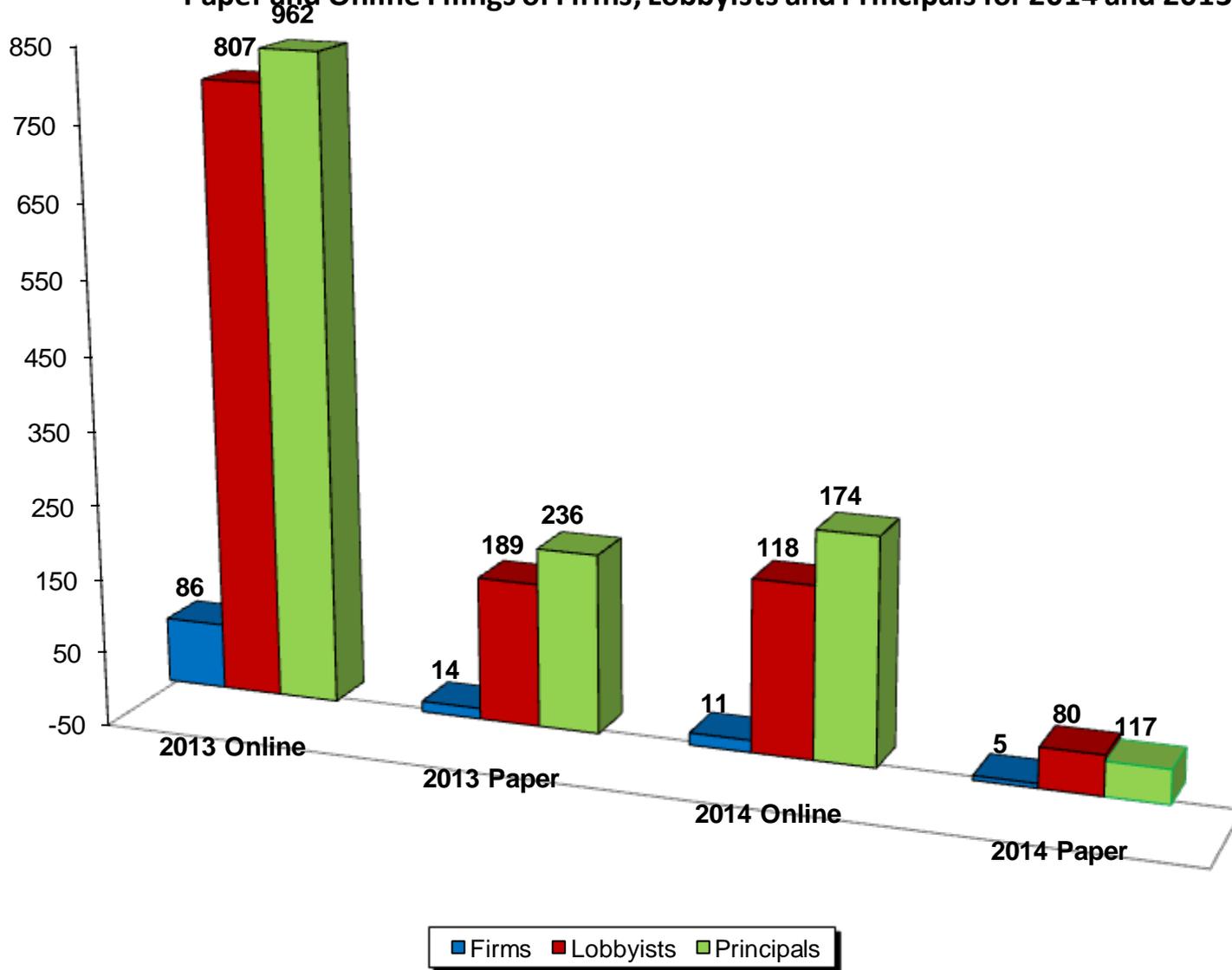
--§13A06(5): “an individual who engages in lobbying on behalf of the individual’s employer if the lobbying represents less than 20 hours during any reporting period.”

A full list of registration exemptions can be found in §13A06 of Act 134 of 2006.

A registration with a status of “expired” does not prevent the registrant from amending any prior Quarterly Expense Reports. However, an “expired” registration cannot be transferred to a new user for electronic ownership.

# Renewed Registration Comparison

Paper and Online Filings of Firms, Lobbyists and Principals for 2014 and 2013



# Expense Reporting

Section 13A05(a) of the Act requires a registered principal to file quarterly expense reports. If a lobbyist or lobbying firm reports all expenses to and through their respective principals, then the lobbyist or lobbying firm is not required to file quarterly expense reports.

Under certain circumstances, a lobbying firm or lobbyist may be required to submit a quarterly expense report. According to §13A05(b)(6) of Act 134, a lobbying firm or lobbyist not associated with a firm shall submit an expense report if lobbying expenses were not contained in any expense report filed by a represented principal.

A lobbying firm or lobbyist may attach a statement to the report filed by a represented principal describing the limits of the lobbyist's or lobbying firm's knowledge concerning the expenditures contained in the principal's report.

## Reporting Periods:

**1st Quarter:** January 1 - March 31  
Deadline: April 30

**2nd Quarter:** April 1 - June 30  
Deadline: July 30

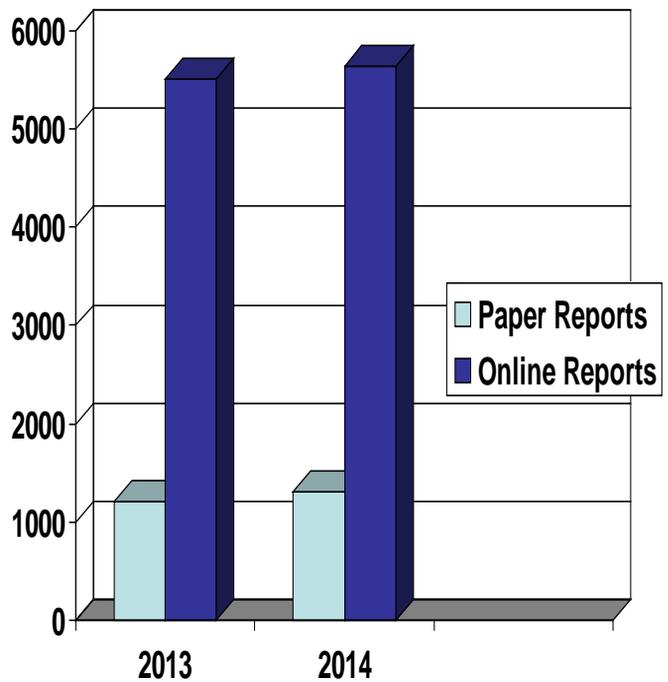
**3rd Quarter:** July 1 - September 30  
Deadline: October 30

**4th Quarter:** October 1 - December 31  
Deadline: January 30

Due to the ease and convenience of online reporting, the total number of registrants filing online expense reports has consistently risen the past two years.

## Expense Filings for 2013 and 2014

2013	2014
Paper- 1,216 (18%)	Paper-1,306 (19%)
Online- 5,504 (82%)	Online- 5,643 (81%)
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6,720	6,949



# General Subjects of Lobbying and Lobbying Costs

## Allocated Cost Categories Reported 2013

Total Expenditure Costs*	\$2,170,935
Total Direct Communication Costs	\$80,750,871
Total Indirect Communication Costs	\$33,129,596
Grand Total	\$116,285,351

## Allocated Cost Categories Reported 2014

Total Expenditure Costs*	\$1,889,907
Total Direct Communication Costs	\$83,329,243
Total Indirect Communication Costs	\$30,329,243
Grand Total	\$115,272,701

(See graph on page 9.)

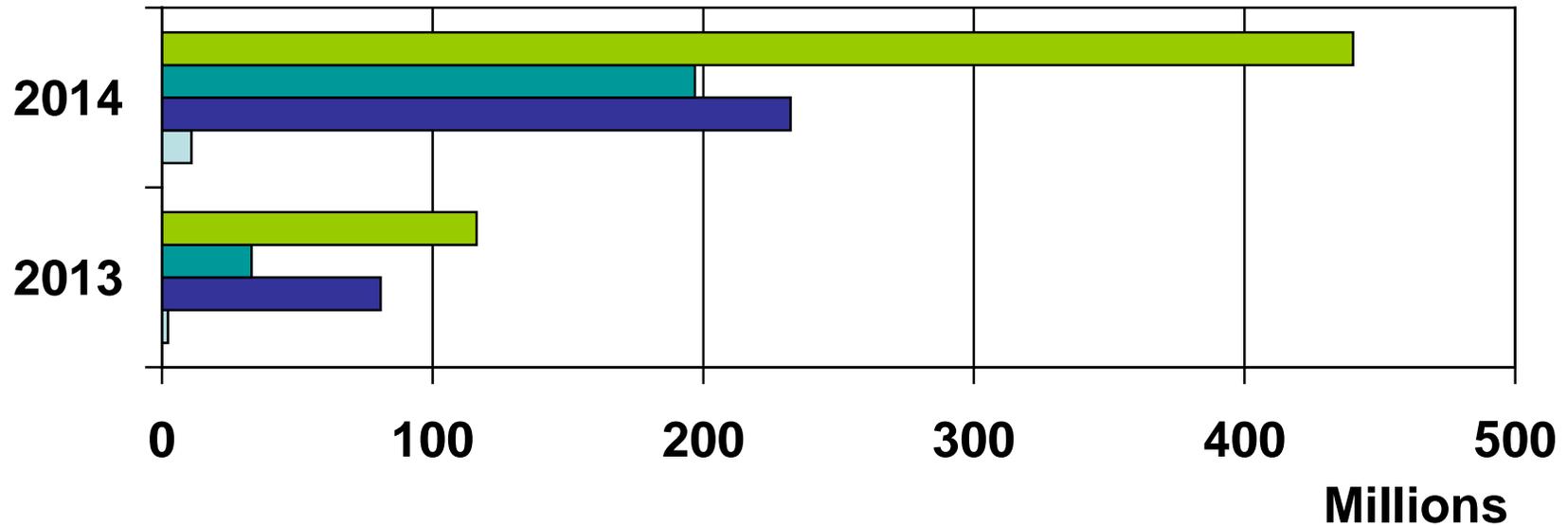
\*Total expenditure costs include gifts, hospitality, transportation and lodging for state officials or employees or their immediate families.

## Top Ten General Subjects of Lobbying\*

<u>2014</u>	<u>2013</u>
1. Health Care	1. Health Care
2. Budget (State)	2. Budget (State)
3. Energy	3. Energy
4. Taxation	4. Medicaid/Medicare
5. Education	5. Education
6. Medicaid/Medicare	6. Taxation
7. Insurance	7. Hospitals
8. Environment	8. Economic Dev.
9. Economic	9. Insurance
10. Managed Care	10. Human Services

\*Subjects of lobbying include costs associated with direct and indirect communication, as well as gifts, hospitality, transportation and lodging.

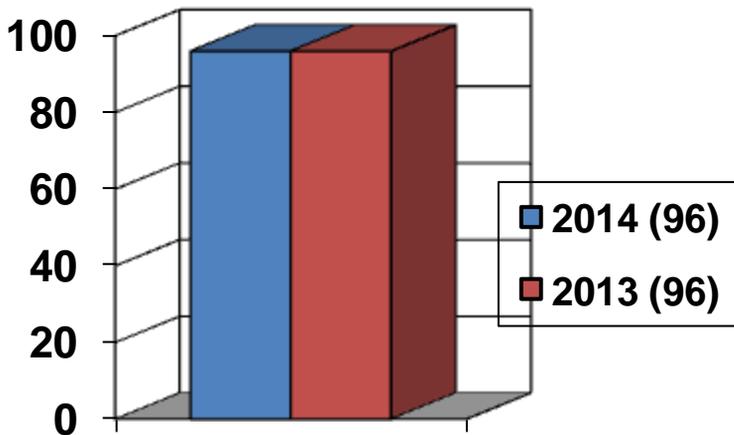
## Allocated Lobbying Cost Categories Reported



\*Total expenditure category includes gifts, hospitality, transportation and lodging for state officials or employees or their immediate families.

# Lobbying Disclosure Audit Lottery

## Total Number of Audits Conducted by Year



The Department's Division of Campaign Finance and Lobbying Disclosure (Department) holds an audit lottery within 60 days of the close of the 4<sup>th</sup> Quarter. The Department randomly selects 3% of all registrants for the purpose of auditing registration and expense records. The Department sends notification letters to all selected registrants, informing them of the auditing procedures. The Department then provides all registration and reporting records to an independent auditor.

### Auditing Procedures

The auditors contact the registrants directly to request any records that are deemed necessary to complete the audit. The independent auditors then draft a report to the Department and registrant. At that time, the registrant is invited to respond to the findings. The auditors then issue a final report to the registrant and the Department. When required, the Department acts as an intermediary between the auditors and the registrant throughout the auditing process.

All audit reports remain confidential, except when requested by the State Ethics Commission as part of an investigation into an alleged violation.

## Online Services

The Lobbying Disclosure section of the Department of State's website became operational in January of 2007. It has become a highly valued resource for the public and registrants. The lobbying disclosure site facilitates seamless interaction between the Department and lobbying disclosure registrants. Registrants are able to rely entirely on the online filing system to meet the requirements of Act 134 of 2006.

Through the lobbying disclosure site registrants and other public users can view and search all registrations and expense reports that have been filed with the Department. The online filing system provides a search feature that allows the use of a registration number, the first or last name of a lobbyist, the name of a firm or principal, or even the letter P, F, or L entered into the registration number field to see all registered principals, firms, or lobbyists. The online filing system also provides instructions on how to register and file reports, amendments and terminations. Individuals can print these forms for submission to the Department if they choose not to use the online system.

The online filing system provides the option to view and print the Department's Lobbying Directory, which lists all registered lobbyists and firms with accompanying photo and contact information.

Individuals can also access printable versions of Act 134 of 2006, the final regulations, the *Manual for Accounting and Reporting* and reporting deadlines through the lobbying disclosure site.

In addition, the online filing system offers information on procedures to obtain ID badges for lobbyists. The ID badges for lobbyists provide access to the Capitol Building allowing entrance without going through security.

The online filing system allows registrants to create a username and password that provides them with access to many other areas of the site. Once they log in, they will be able to manage their registration(s) and file their expense reports at any time before filing deadlines. Access is available 24 hours a day, seven days a week. This allows the user to view the status of their registration or report and also ensures them the Department receives their filings.

The Department has recently completed an upgrade to the online filing system. Users now have the option to pay registration fees online by credit card. Online payment immediately completes a registration without delay. Also, users may now search filings by additional fields, including affiliated political action committees, affirmations, gifts and subjects of lobbying.

# Additional Information

## **Administration:**

**Responsibility for administration and enforcement of Act 134 is assigned to three state agencies and the Pennsylvania Disciplinary Board of the Supreme Court as follows:**

- The duties of the Pennsylvania Department of State include overseeing registration, quarterly expense reporting and audits.
- The Pennsylvania State Ethics Commission is responsible for giving advice and opinions regarding the Act, as well as administrative enforcement of the Act.
- The Pennsylvania Attorney General is responsible for criminal enforcement of the Act.
- The Disciplinary Board of the Pennsylvania Supreme Court is responsible for administrative enforcement of the Act as it pertains to attorneys.

## **Contact Information:**

**Pennsylvania Department of State  
Division of Campaign Finance and  
Lobbying Disclosure**  
[www.dos.pa.gov](http://www.dos.pa.gov)  
717-787-5280

**Pennsylvania State Ethics Commission**  
[www.ethics.state.pa.us](http://www.ethics.state.pa.us)  
717-783-1610

**Pennsylvania Attorney General**  
[www.attorneygeneral.gov](http://www.attorneygeneral.gov)  
717-787-3391

**Pennsylvania Department of State  
Office of Communications and Press**  
717-783-1621

**Pennsylvania Department of State  
Office of Legislative Affairs**  
717-783-1771