



**LOBBYING DISCLOSURE
IN PENNSYLVANIA**

2015 ANNUAL REPORT

PENNSYLVANIA DEPARTMENT OF STATE

February 2017

**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 procurement).
- The review, revision, approval or disapproval or 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; or
- appointments to public boards; or commissions by a member of the General Assembly.

Registration

In 2015, The Department increased the biannual registration fee from \$200 to \$300. Any lobbyist, lobbying firm, or principal who intends to register starting in 2015 must now pay \$300 to register. 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 \$300 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”

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.palobbyingservices.state.pa.us. If filing online, registrants may pay the registration fee online with a credit card via the website. 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 are available on the Department’s website (www.dos.pa.gov). The registration forms can be printed and mailed 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. For more information on the Department’s Online Services, please see page 6.

Because filing online is faster and more convenient, online registrations have increased. The number of registrations tends to be higher during the first year of a biennial registration period. See Figure 1, page 3.

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.

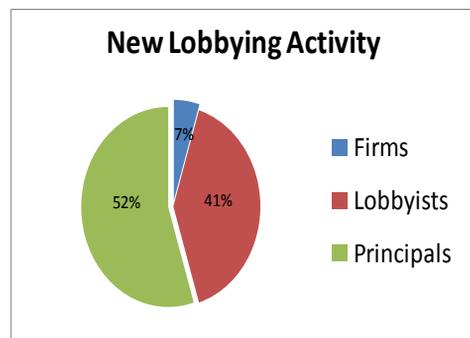
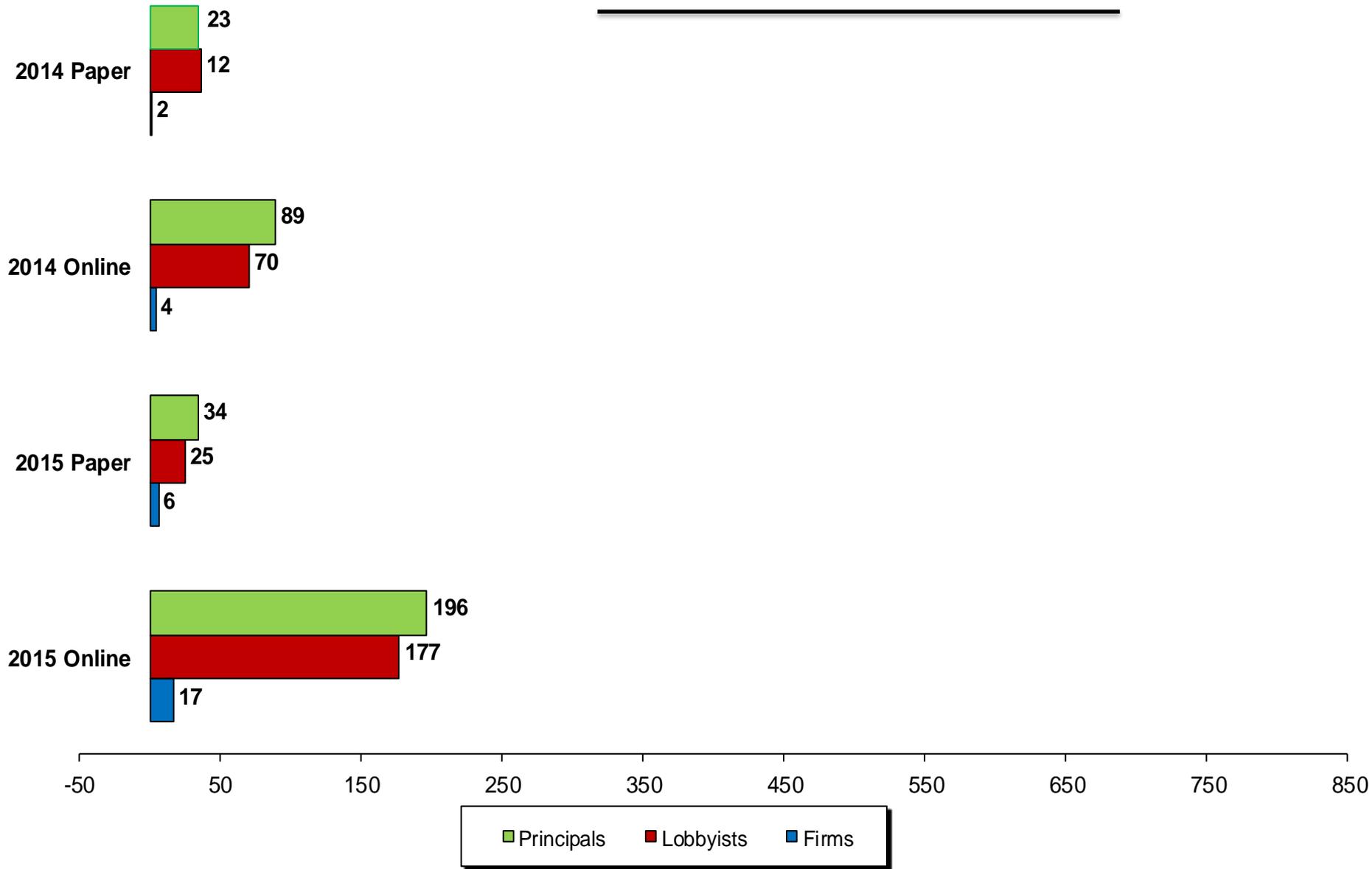


Figure 1

New Registration Comparison

Paper and Online Filings of Firms, Lobbyists and Principals for 2014 and 2015



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 10 business days after the beginning of the new registration period. A registration renewal 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 \$300 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. To continue to use your current registration, please renew using your registration number. This can be completed online by selecting the action “Renew” next to your expired registration.

Because renewing online is faster and more convenient, the Department has seen a higher volume of registration renewals completed online. See Figure 2, page 5.

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 income thresholds for registration before renewing their registration.

A registration with a status of “expired” does not prevent the registrant from amending any prior Quarterly Expense Reports. Once a registration has expired, it may not be transferred electronically to a new user unless the registrant renews by check or by having the registration renewed by the previous owner by credit card. The Department gives a 15 day grace period for registrations to be transferred to users who will filing on behalf of the registrant.

Terminations

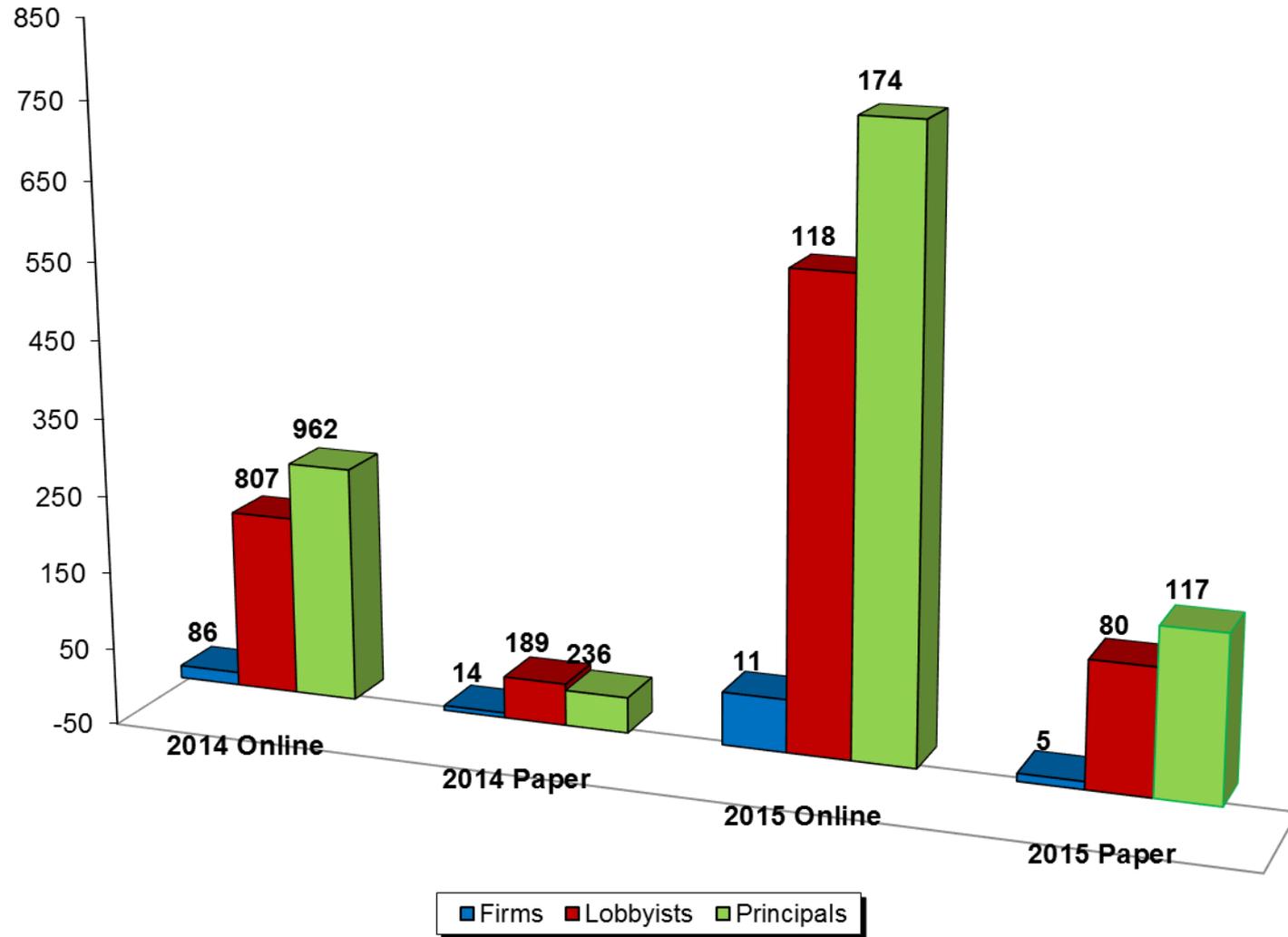
If a registrant intends to cease lobbying activity in the Commonwealth, the registrant may file a notice of termination by paper or online.

If a former registrant wishes to begin lobbying activity after filing a notice of termination, the former registrant must initiate a new registration statement.

Figure 2

Renewed Registration Comparison

Paper and Online Filings of Firms, Lobbyists and Principals for 2014 and 2015



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

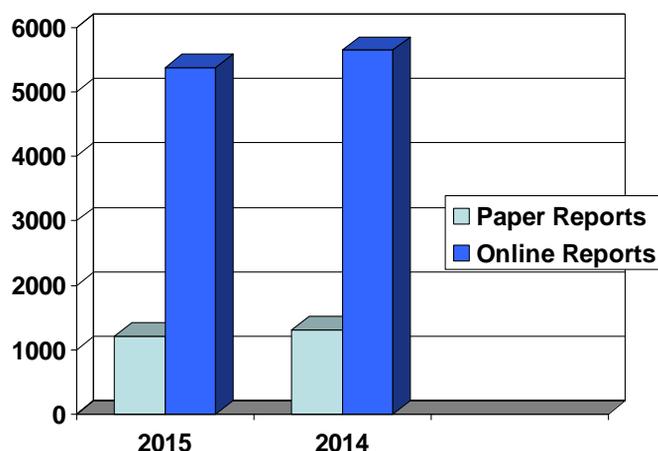
3rd Quarter: July 1 - September 30
Deadline: October 30

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

Expense Filings for 2014 and 2015

2015	2014
Paper- 1209 (18%)	Paper- 1,306 (19%)
Online- 5378 (82%)	Online- 5,643 (81%)
-----	-----
6,587	6,949

Figure 3



The total number of expense reports increased slightly from 2015 to 2014. The majority of reports were filed online. Please see Figure 3.

General Subjects of Lobbying and Lobbying Costs

Allocated Cost Categories Reported 2014

Total Expenditure Costs*	\$2,171,979
Total Direct Communication Costs	\$80,812,622
Total Indirect Communication Costs	\$33,153,097
Grand Total	\$116,371,647

Top Ten General Subjects of Lobbying*

<u>2015</u>	<u>2014</u>
1. Health Care	1. Health Care
2. Budget (State)	2. Budget (State)
3. Taxation	3. Energy
4. Energy	4. Taxation
5. Education	5. Education
6. Environment	6. Medicaid/Medicare
7. Insurance	7. Insurance
8. Medicaid/Medicare	8. Environment
9. Liability Reform	9. Economic Developmt.
10. Consumer Affairs	10. Managed Care

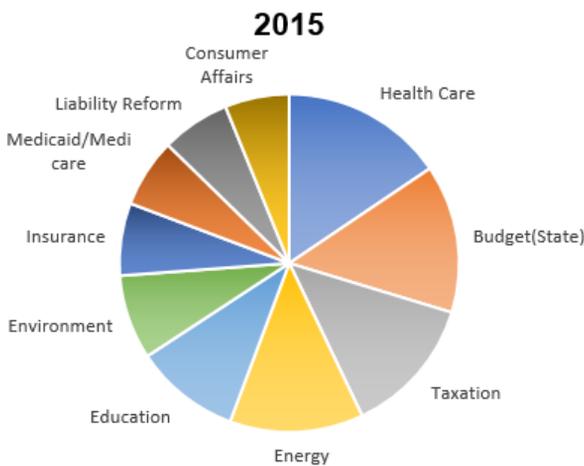
Allocated Cost Categories Reported 2015

Total Expenditure Costs*	\$7,911,837
Total Direct Communication Costs	\$309,048,252
Total Indirect Communication Costs	\$216,806,401
Grand Total	\$533,766,490

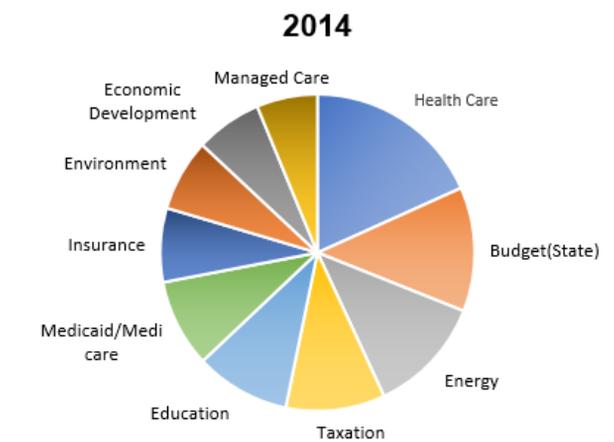
(See Figure 4, Page 8)

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

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



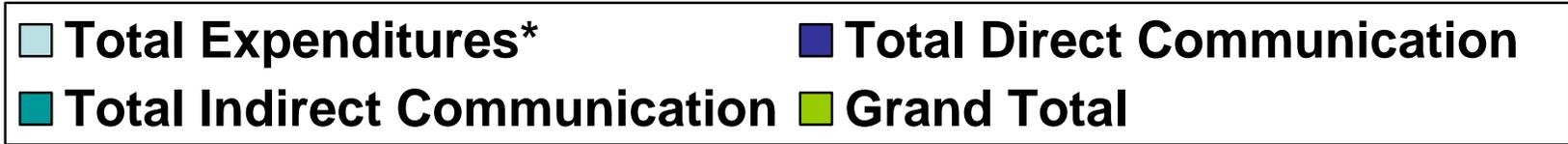
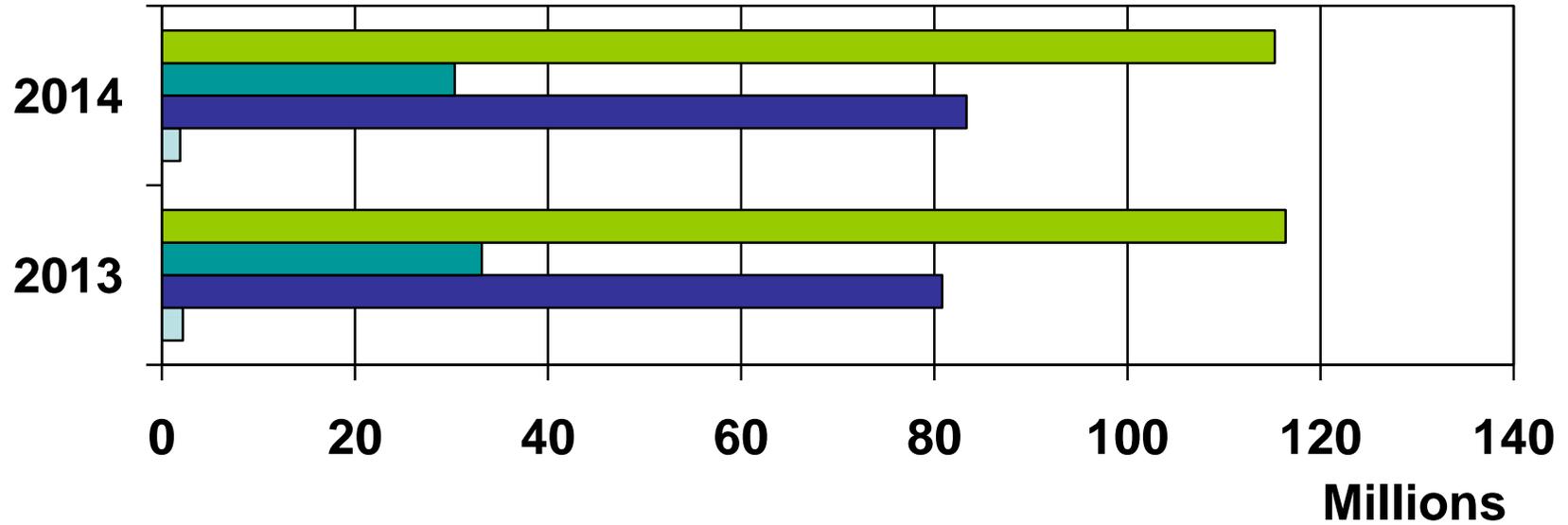
Health Care; \$28,393,719	Budget(State); \$25,947,780
Taxation; \$24,191,628	Energy; \$23,283,824
Education; \$18,411,934	Environment; \$14,801,099
Insurance; \$12,673,281	Medicaid/Medicare; \$12,032,312
Liability Reform; \$11,961,077	Consumer Affairs; \$11,205,237



Health Care; \$28,815,110	Budget(State); \$19,964,920
Energy; \$18,931,656	Taxation; \$16,062,324
Education; \$15,373,577	Medicaid/Medicare; \$14,131,138
Insurance; \$11,884,821	Environment; \$11,569,596
Economic Development; \$10,745,642	Managed Care; \$9,848,763

Figure 4

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

The Department's Division of Campaign Finance and Lobbying Disclosure (Department) holds an audit lottery within 60 days of the close of the 4th 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. Based on their review of the records, the independent auditors 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.

In 2015, the Department selected 91 registrants to be audited by The Binkley Kanavy Group, LLC. All audit reports remain confidential, except when requested by the State Ethics Commission as part of an investigation into an alleged violation. As such, the audits are a part of the enforcement mechanism under the Act.

Online Services

The Department launched its Lobbying Service website in January 2007. The website provides valuable information to the registrant, the public and the Department.

Registrants and other public site users can use a search engine that allows them to view all registrations and expense reports that have been filed with the Department. The online filing system provides a search feature that can search by 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 Department's website 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 PA Lobbying Services website 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 Department of State's website.

The PA Lobbying Services website 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 file a registration online. The online system allows users to manage their registration(s) and file their expense reports at any time prior to 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 assures them the Department is in receipt of their filings.

In addition, the Department of State website 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 Department completed an upgrade to the PA Lobbying Services website in 2013. There is now the option for payment of registration fees online by credit card. Given that all required information has been provided, this immediately completes a registration without delay. Also, the Department now provides an advanced search engine including subjects of lobbying, 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 administrative enforcement of the Act and for giving advice and opinions 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
717-787-5280

Pennsylvania State Ethics Commission
www.ethics.state.pa.us
717-783-1610

Pennsylvania Attorney General
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