



LOBBYING DISCLOSURE IN PENNSYLVANIA

**BIENNIAL REPORT
2009 – 2010 Registration Period**

PENNSYLVANIA DEPARTMENT OF STATE

AUGUST 2011

**Tom Corbett
Governor**

**Carol Aichele
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;
- 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”

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.state.pa.us. 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.state.pa.us). 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.

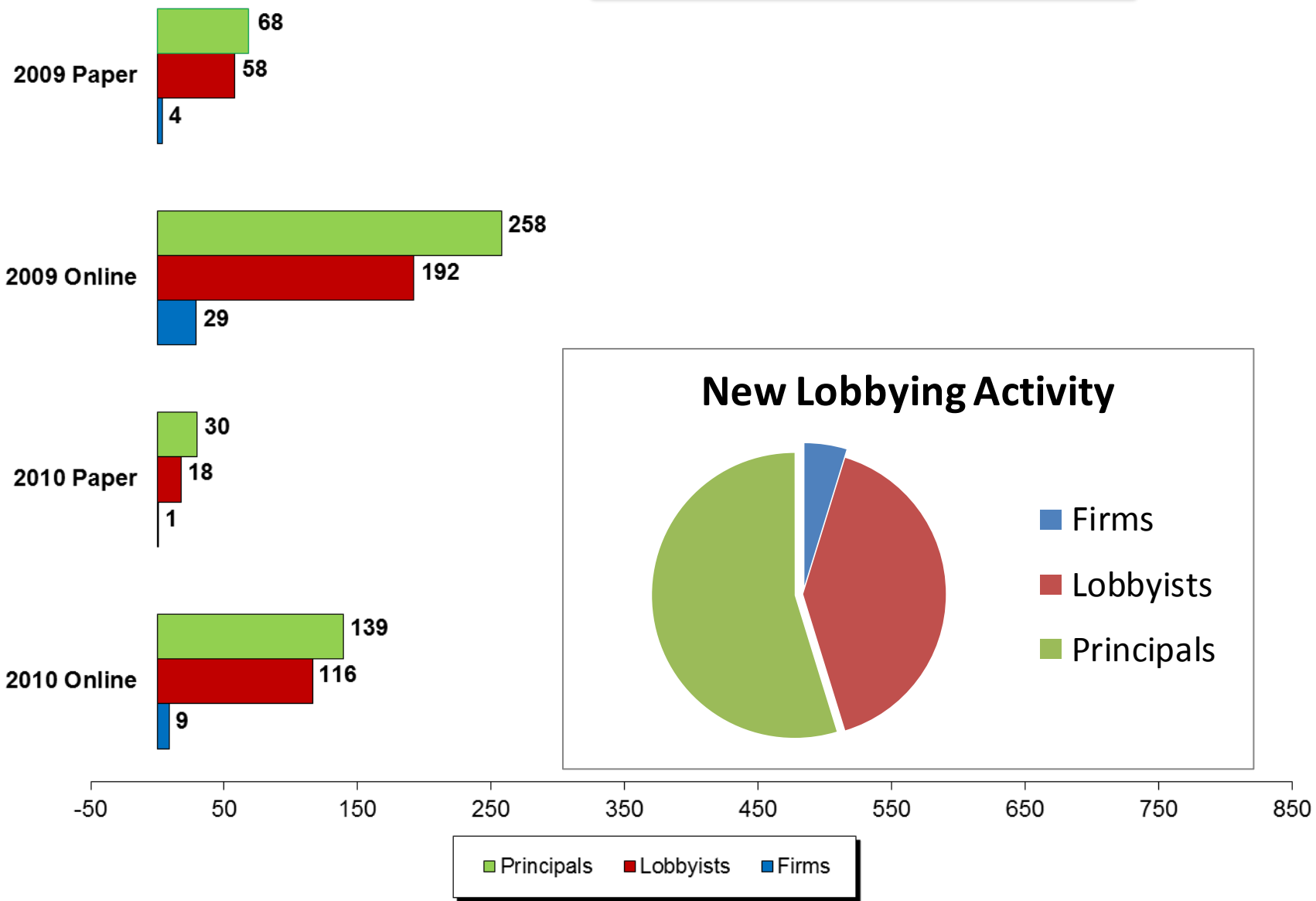
Because filing online is faster and more convenient, the Department has seen continued increase in registrations submitted online, due to the convenience of online filing. The number of registrations tends to be higher during the first year of a biennial registration period. This information is illustrated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

New Registration Comparison

Paper and Online Filings of Firms, Lobbyists and Principals for 2009 and 2010



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 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 \$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, due to the convenience of online filing. 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.”

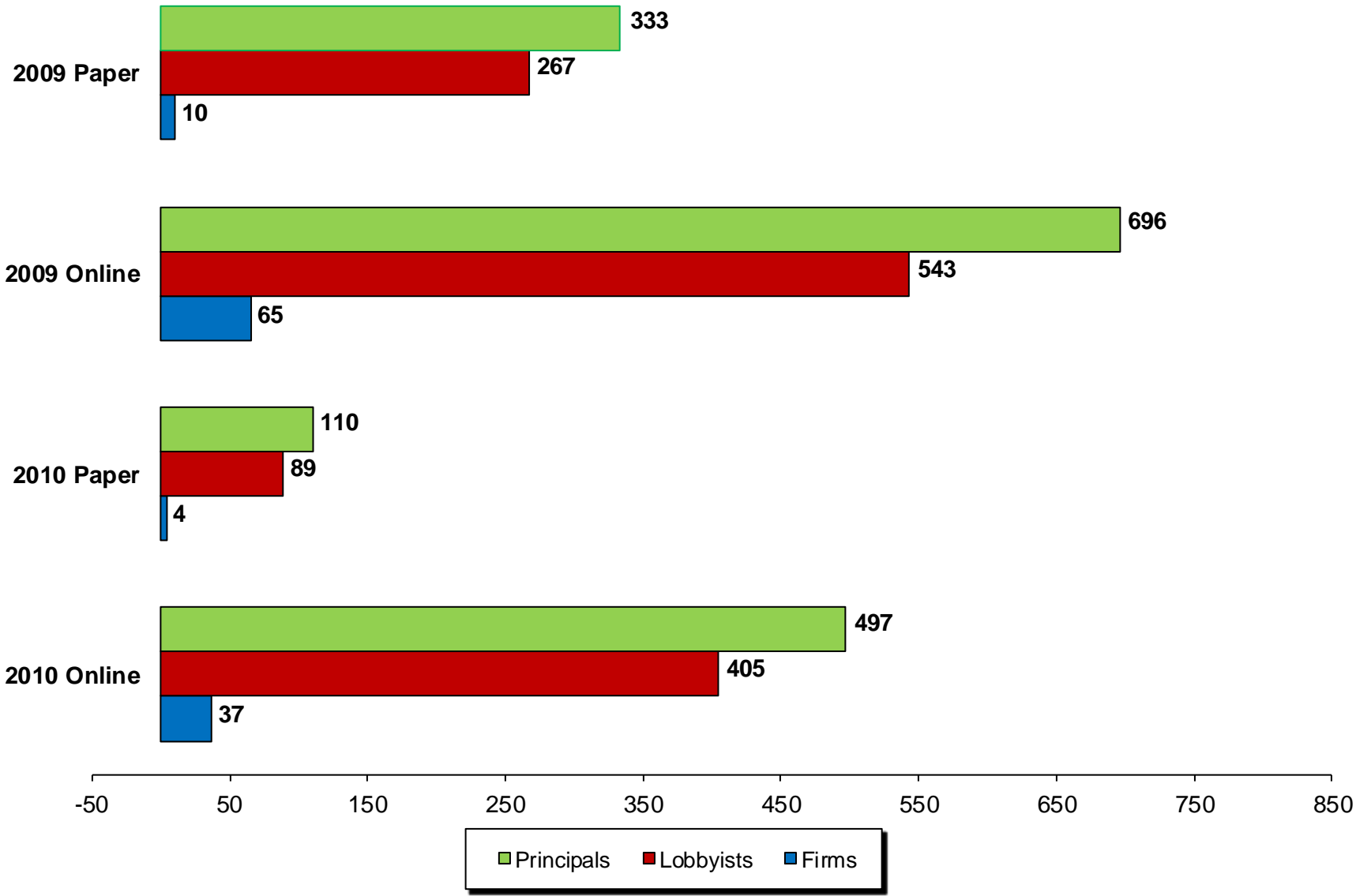
A full list of registration exemptions can be found in 13A06 of Act 134 of 2006.

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.

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.

Renewed Registration Comparison

Paper and Online Filings of Firms, Lobbyists and Principals for 2009 and 2010



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 section 13A05(b)(6) of Act 134, a lobbying firm or lobbyist shall submit an expense report if lobbying expenses were not contained in any expense report filed by a 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.

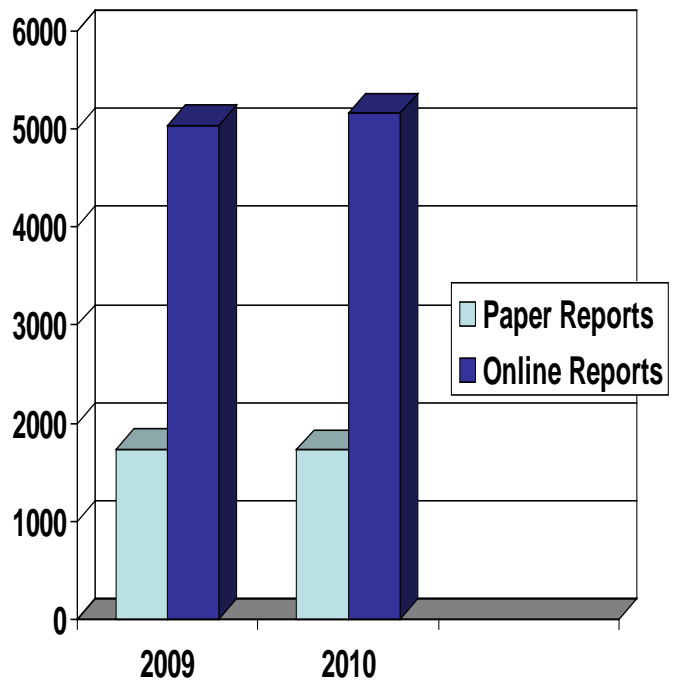
Reporting Periods:

- 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 2009 and 2010

2009	2010
Paper- 1,733	Paper- 1725
Online- 5,037	Online- 5,157



General Subjects of Lobbying and Lobbying Costs

Allocated Cost Categories Reported 2009

Total Expenditure Costs*	\$11,846,888
Total Direct Communication Costs	\$274,732,483
Total Indirect Communication Costs	\$209,182,876
Grand Total	\$495,762,247

Allocated Cost Categories Reported 2010

Total Expenditure Costs*	\$11,007,169
Total Direct Communication Costs	\$231,613,427
Total Indirect Communication Costs	\$196,659,660
Grand Total	\$439,280,256

(See graph on page 9.)

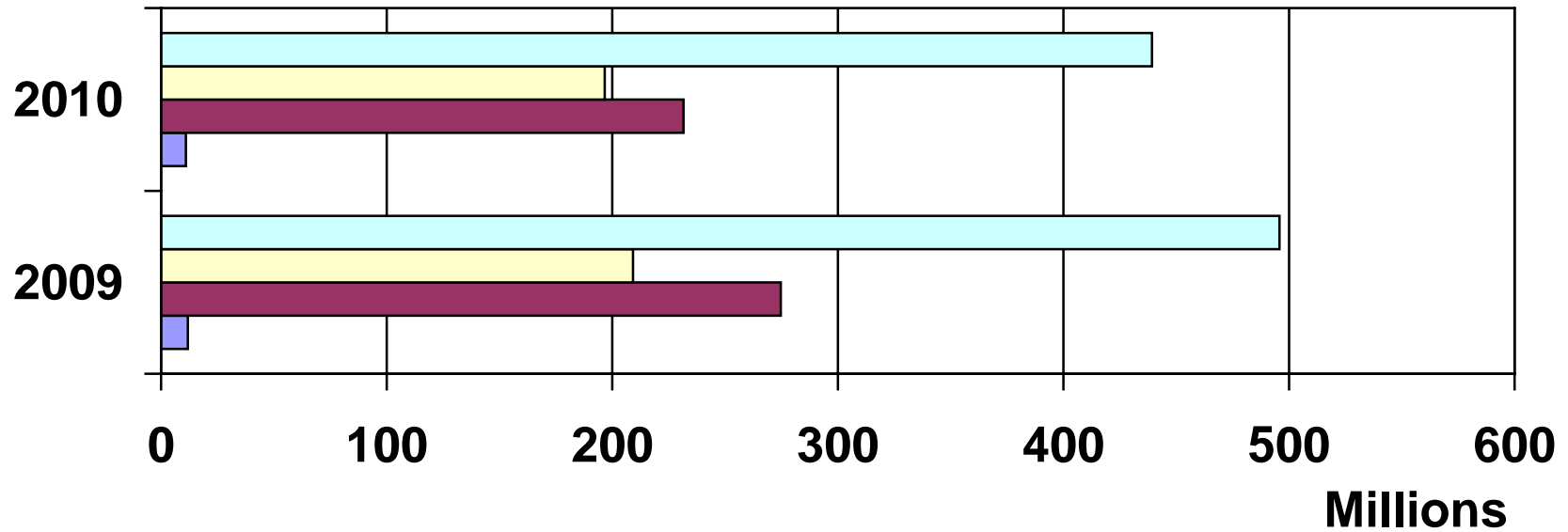
*Total expenditure costs include gifts, hospitality, transportation and lodging for state officials or employees or their immediate families.

Top Ten General Subjects of Lobbying*

<u>2009</u>	<u>2010</u>
1. Health Care	1. Health Care
2. Budget (State)	2. Budget (State)
3. Medicaid/Medicare	3. Energy
4. Education	4. Education
5. Energy	5. Taxation
6. Taxation	6. Medicaid/Medicare
7. Hospitals	7. Environment
8. Economic Dev.	8. Economic Dev.
9. Business	9. Utilities
10. Insurance	10. Transportation

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

Allocated Lobbying Cost Categories Reported

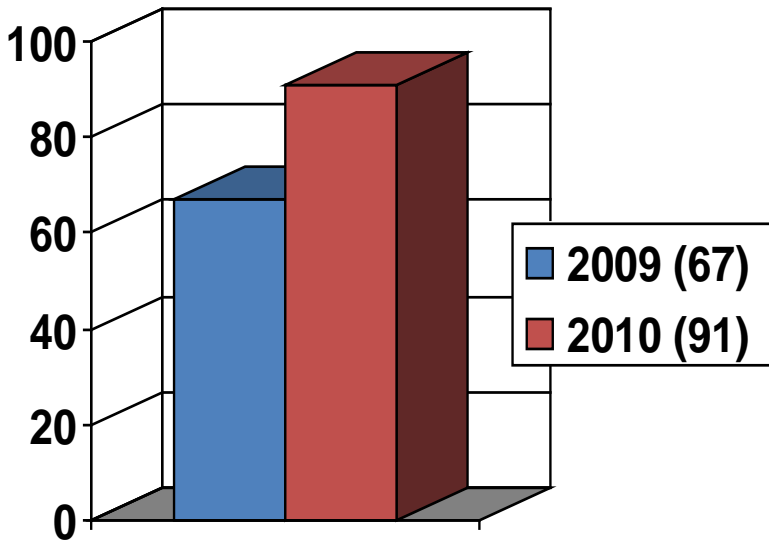


■ Total Expenditures* **■ Total Direct Communication**
■ Total Indirect Communication **■ Grand Total**

*Total expenditure costs include 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 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. 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 website became operational in January of 2007. It has become a highly valued resource for the public and registrants as the Department provides access to important information. The website facilitates seamless interaction between the Department and lobbying disclosure registrants. Registrants are able to rely almost entirely on the website to meet the requirements of Act 134 of 2006.

Registrants and other public site users can utilize a search engine that allows them to view all registrations and expense reports that have been filed with the Department. The website 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 website also provides instructions on how to register and file reports, amendments and terminations. Individuals can print these forms for submission to the Department.

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

Individuals can also access printable versions of Act 134 of 2006, the final regulations, and the *Manual for Accounting and Reporting* through the website. It also offers information allowing lobbyists to obtain ID badges, providing access to the Capitol Building without going through a security line. Additionally, the website provides information on applying for e-signatures so that registrants may complete and file reports online. Report filing deadlines are also posted on the website.

The 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 as well as manage that registration and file their reports at any time prior to filing deadlines that they find convenient. This also allows them to view the status of their registration or report and ensures them that the Department has received it.

The Department has recently completed Phase IV Enhancements of the website. 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 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.state.pa.us
717-787-5280

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

Pennsylvania Attorney General
www.attorneygeneral.gov
717-783-1610

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

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