

Annual Report

LOBBYING DISCLOSURE IN PA

2020



Table of Contents

Introduction.....	2
Summary of Act 134 of 2006	3
Registration.....	4
New Lobbying Activity for 2019.....	5
Registration Renewals.....	6
Terminations.....	8
Expense Reporting.....	9
Top Ten General Subjects of Lobbying.....	10
Allocated Lobbying Cost Categories.....	11
Principal Registrations by State.....	12
Principal Registration by County.....	14
Lobbying Disclosure Audit.....	16
Online Services.....	17
Administration.....	19
Contact Information.....	20

Introduction

This past year presented unique challenges for all of us, including Pennsylvania's lobbying community and the Department of State (Department). Due to the COVID-19 pandemic, on March 16, 2020, the Department, along with all other agencies under the Governor's jurisdiction, transitioned to emergency telework in order to continue the agency's essential operations.

On March 25, 2020, Department staff met with board members from the Pennsylvania Association for Government Relations (PAGR). Board members expressed concerns that due to mitigation efforts to curb the COVID-19 pandemic, many members of the lobbying community were not only unable to access their records, but in many instances, they could not even access their offices to complete the first quarter expense reports that were due by April 30, 2020. Furthermore, there were members of the lobbying community who were caring for sick family members or who themselves were sick and would be unable to file their first quarter expense reports by the statutory deadline.

Based on this critical conversation, the Department requested, and Governor Wolf granted the Department's request to waive the lobbying disclosure first quarter 2020 reporting date, so that the first and second quarter reports would both be due on the second quarter deadline on July 30, 2020.

In addition to listening to the lobbying community and moving the first quarter reporting deadline, the Department held two trainings for the lobbying community on July 8, 2020, and July 21, 2020. These trainings focused on how to file lobbying expense reports to prepare filers for the July 30, 2020. Department staff also presented on the agency's lobbying disclosure registration and reporting program at PAGR's virtual Lobbypalooza seminar that was held on October 2, 2020.

The Department of State looks forward to continuing our service to the people of the Commonwealth and Pennsylvania's lobbying community.

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:

- proposal, consideration, promulgation or rescission of a regulation; development or modification of a statement of policy;
- approval or rejection of a regulation; or
- procurement of supplies, services and construction under 62 Pa C.S.(relating 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; or
- confirmation of appointments by the Governor; or appointments to public boards; or commissions by a member of the General Assembly.

Registration

Unless exempt under 65 Pa.C.S. § 13A06, lobbyists, lobbying firms, and principals must register biennially with the Department. 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’ [Effective January 1, 2017, the threshold increased to \$3,000] 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.”

With the enactment of Act 2 of 2018, registration must be done electronically using the Department’s computerized filing system. The fee to register is \$300, and must be received within five days of filing the registration statement. This registration statement must be filed within 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. A full list of registration exemptions can be found at 65 Pa.C.S. §13A06.

The registration portal may be found at www.palobbyingservices.pa.gov. Lobbyists who register must also supply a photo within five days of filing a registration statement.

Registrants may pay the registration fee online with a credit card via the website or may pay by check. To pay by check, registrant must print a remittance form that has been pre-populated with their specific information and mail it along with the registration fee.

New Lobbying Activity for 2020

Reported 2020

135

LOBBYISTS

19

LOBBYING FIRMS

264

PRINCIPALS

418

TOTAL

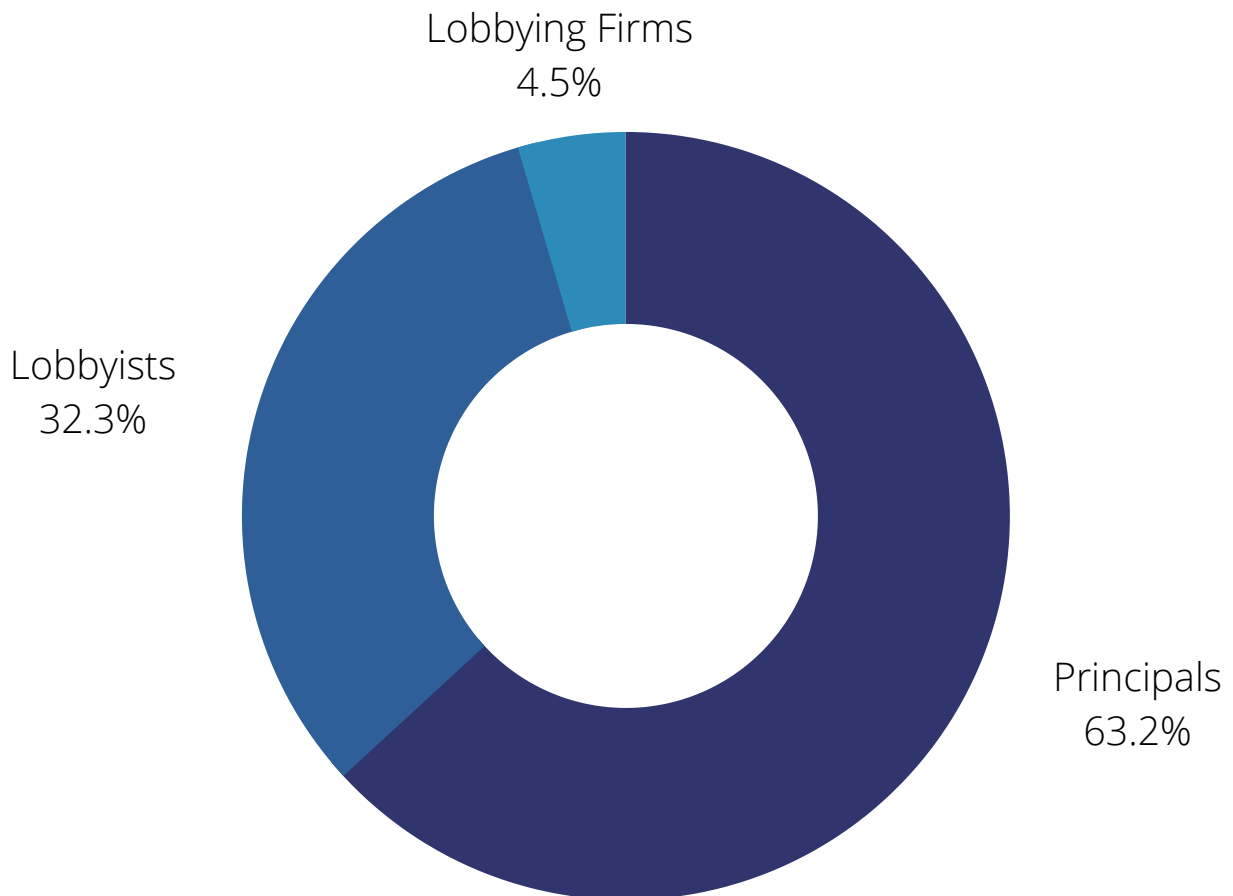


Figure 1: Percentage of newly registered lobbyists, lobbying firms, and principals in 2020

Registration Renewals

A lobbyist, lobbying firm or principal must renew their registration with the 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 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 \$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.

Effective April 16, 2018, with the enactment of Act 2 of 2018, registrants must renew their registration online. 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.

Registration Renewals Continued

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 the 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 be filing on behalf of the registrant.

While a majority of registrants will renew their registrations with the Department at the beginning of the biennial registration period, a few registrants renewed their registrations in December of 2020.

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.

In 2020, a total of 89 lobbyists, 6 lobbying firms and 155 principals terminated their registration with the Department.



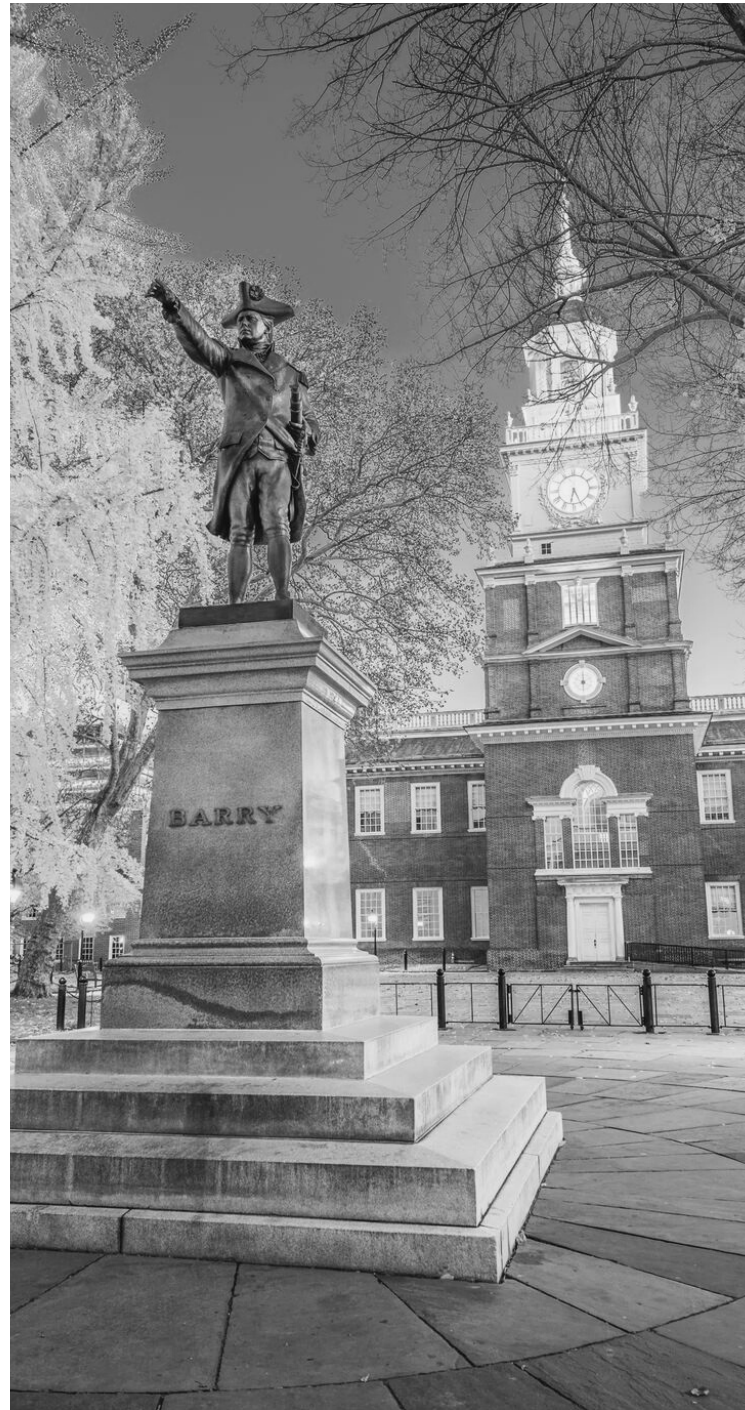
Expense Reporting

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 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.

With the enactment of Act 2 of 2018, principals, lobbying firms, and lobbyists who are required to file expense reports must do so electronically using the Department's computerized filing system.



Top 10 General Subjects of Lobbying*

2020

Health Care: \$28,934,796

Energy: \$15,916,988

Budget (State): \$15,462,019

Education: \$13,104,330

Taxation: \$12,858,547

Insurance: \$12,155,070

Medicaid/Medicare: \$ 11,605,911

Environment: \$10,073,261

Utilities: \$9,505,242

Human Services: \$9,438,527

*The totals listed above include costs associated with direct and indirect communication, as well as gifts, hospitality, transportation and lodging.

Allocated Lobbying Cost Categories

Reported 2020

\$562,326

TOTAL EXPENDITURE COSTS*

\$82,062,582

TOTAL DIRECT
COMMUNICATION COSTS

\$33,671,992

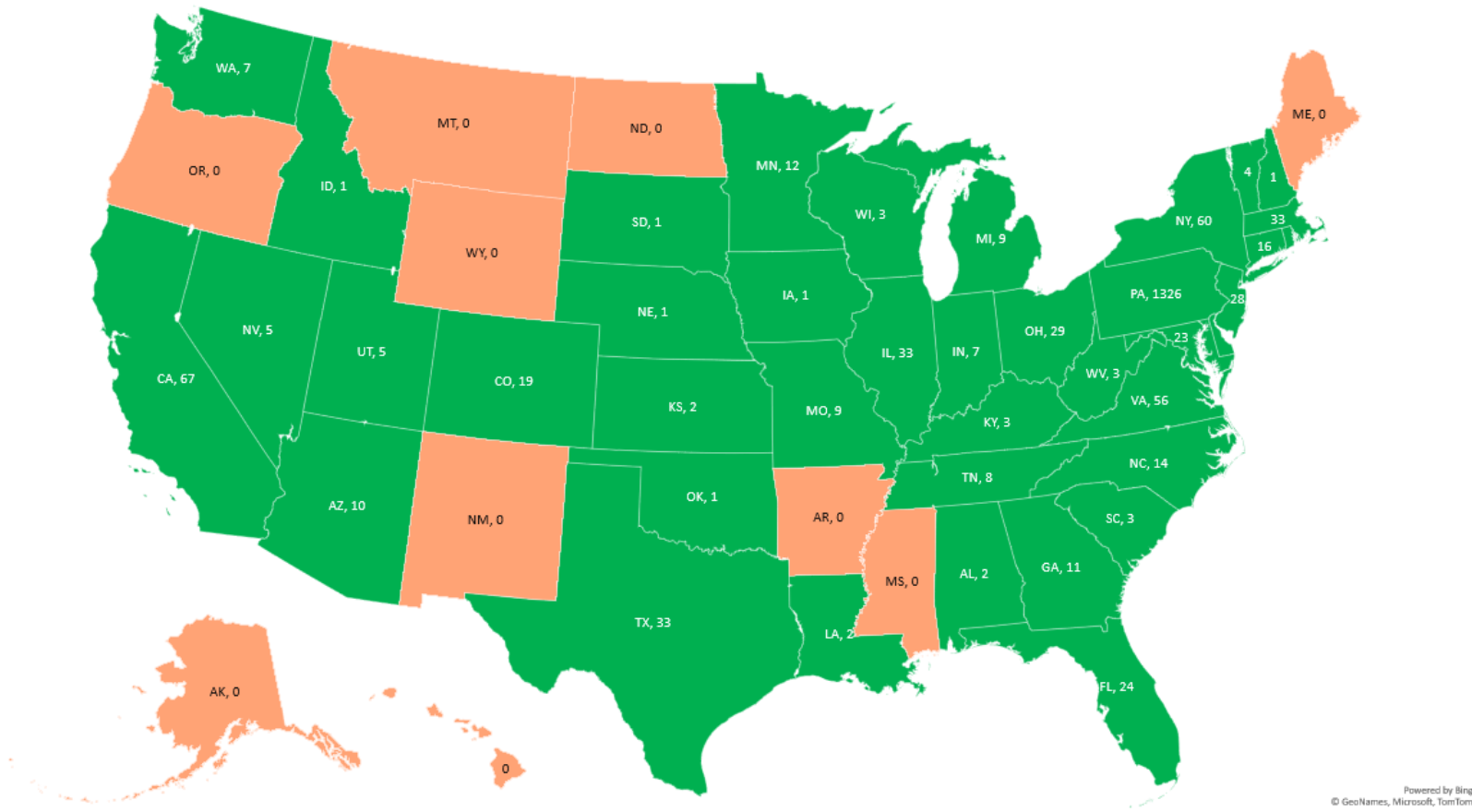
TOTAL INDIRECT
COMMUNICATION COSTS

\$116,296,900

GRAND TOTAL

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

Map of Principal Registrations by State



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District of Columbia: 115
Delaware: 6
Rhode Island: 2
Outside of the US (Canada): 1

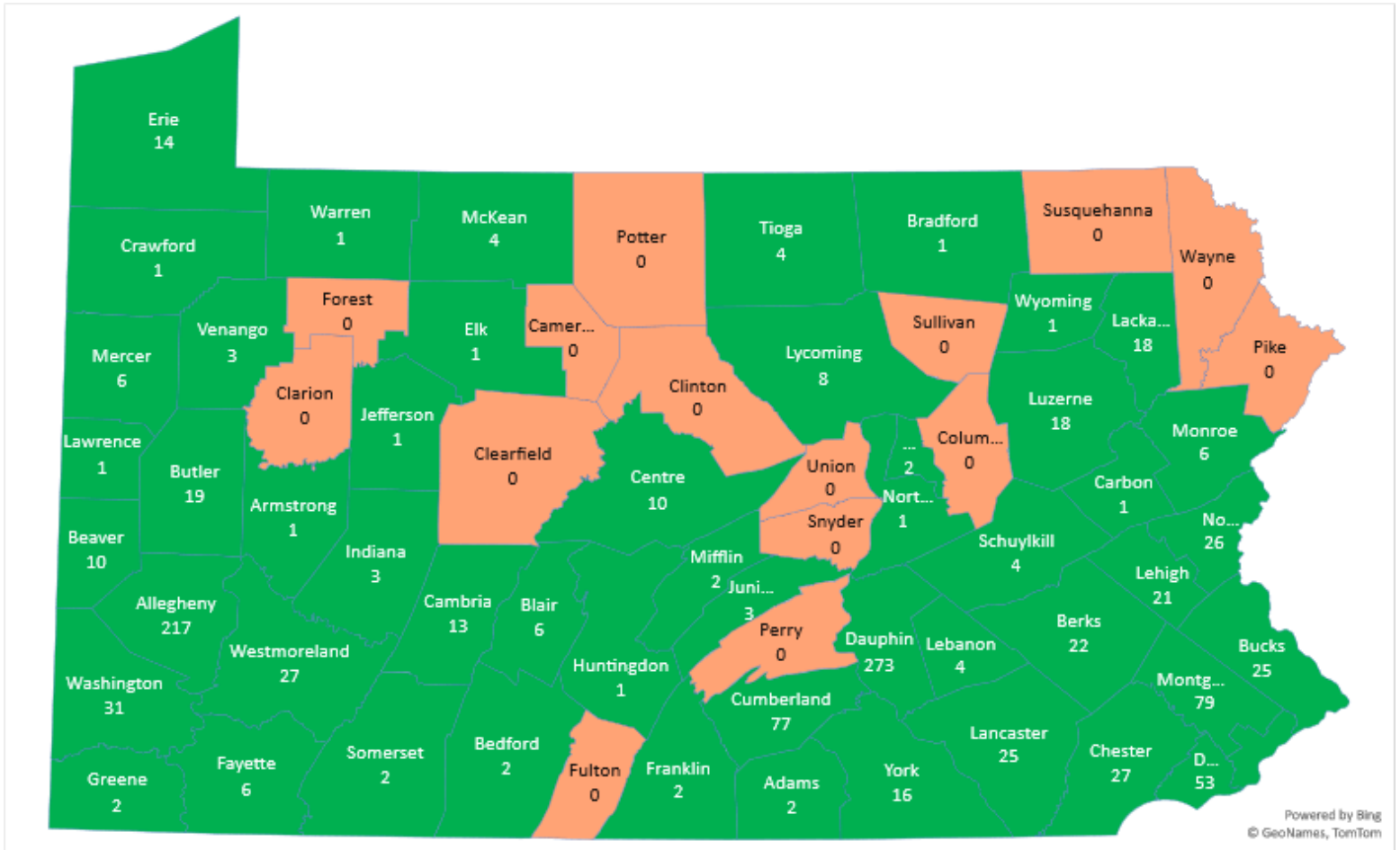
Figure 3: 2020 Map of Principal Registrations by State

Principal Registration by State

Pennsylvania: 1,326 Registrations
District of Columbia: 115 Registrations
California: 67 Registrations
New York: 60 Registrations
Virginia: 56 Registrations
Illinois: 33 Registrations
Massachusetts: 33 Registrations
Texas: 33 Registrations
Ohio: 29 Registrations
New Jersey: 28 Registrations
Florida: 24 Registrations
Maryland: 23 Registrations
Colorado: 19 Registrations
Connecticut: 16 Registrations
North Carolina: 14 Registrations
Minnesota: 12 Registrations
Georgia: 11 Registrations
Arizona: 10 Registrations
Michigan: 9 Registrations
Missouri: 9 Registrations
Tennessee: 8 Registrations

Indiana: 7 Registrations
Washington: 7 Registrations
Delaware: 6 Registrations
Nevada: 5 Registrations
Utah: 5 Registrations
Vermont: 4 Registrations
Kentucky: 3 Registrations
South Carolina: 3 Registrations
West Virginia: 3 Registrations
Wisconsin: 3 Registrations
Alabama: 2 Registrations
Kansas: 2 Registrations
Louisiana: 2 Registrations
Rhode Island: 2 Registrations
Idaho: 1 Registration
Iowa: 1 Registration
Nebraska: 1 Registration
New Hampshire: 1 Registration
Oklahoma: 1 Registration
South Dakota: 1 Registration
Outside the US (Canada): 1 Registration

Map of Principal Registrations by County



Delaware County: 53
 Montour County : 2
 Northampton County: 26
 Northumberland County: 1
 Philadelphia: 223

Figure 4: 2020 Map of Principal Registrations by County

Principal Registration by County

Dauphin: 273 Registrations	Monroe: 6 Registrations
Philadelphia: 223 Registrations	Lebanon: 4 Registrations
Allegheny: 217 Registrations	McKean: 4 Registrations
Montgomery: 79 Registrations	Schuylkill: 4 Registrations
Cumberland: 77 Registrations	Tioga: 4 Registrations
Delaware: 53 Registrations	Indiana: 3 Registrations
Washington: 31 Registrations	Juniata: 3 Registrations
Chester: 27 Registrations	Venango: 3 Registrations
Westmoreland: 27 Registrations	Adams: 2 Registrations
Northampton: 26 Registrations	Bedford: 2 Registrations
Bucks: 25 Registrations	Franklin: 2 Registrations
Lancaster: 25 Registrations	Greene: 2 Registrations
Berks: 22 Registrations	Mifflin: 2 Registrations
Lehigh: 21 Registrations	Montour: 2 Registrations
Butler: 19 Registrations	Somerset: 2 Registrations
Lackawanna: 18 Registrations	Armstrong: 1 Registration
Luzerne: 18 Registrations	Bradford: 1 Registration
York: 16 Registrations	Carbon: 1 Registration
Erie: 14 Registrations	Crawford: 1 Registration
Cambria: 13 Registrations	Elk: 1 Registration
Beaver: 10 Registrations	Huntingdon: 1 Registration
Centre: 10 Registrations	Jefferson: 1 Registration
Lycoming: 8 Registrations	Lawrence: 1 Registration
Blair: 6 Registrations	Northumberland: 1 Registration
Fayette: 6 Registrations	Warren: 1 Registration
Mercer: 6 Registrations	Wyoming: 1 Registration

Lobbying Disclosure Audit

The Department's Division of Campaign Finance and Lobbying Disclosure holds an audit lottery within 60 days of the close of the 4th Quarter. The Department audits registration and expense records of registrants by randomly selecting 3% from each category of registrants; lobbyists, lobbying firms, and principals. 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.

The auditors contact the registrants directly to request any records 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 2020, the Department selected 92 registrants to be audited by Wessel & Company, P.C. 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 find and 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 lobbyist. The Department's website provides instructions on how to register and file reports, amendments and terminations.

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, and the Manual for Accounting 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.

Online Services Continued

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 whether the Department is in receipt of their filings.

In addition, the Department's website offers information on procedures to obtain ID badges for lobbyists. The ID badges for lobbyists provide access to the Capitol Building 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 that includes, affiliated political action committees, affirmations, gifts and subjects of lobbying.

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

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

**Pennsylvania State Ethics Commission
www.ethics.pa.gov
717-783-1610**

**Pennsylvania Office of Attorney General
www.attorneygeneral.gov
717-787-3391**