

2014 LOBBYING REPORT

For the 103rd Legislature

For Immediate Release: June 19, 2014

- How many lobbyists are there and how much do they make? Who hires them and how much do they spend?
- Can anyone track lobby gifts and entertainment? Do legislators report their gifts?
- Who spends tax dollars to get more tax dollars?

Common Cause Nebraska's annual lobby report aims to answer these questions and give a candid look at lobbying in Nebraska.

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103RD LEGISLATURE

The 2014 Lobby Report is an attempt to give readers an opportunity to compare lobbying activity over a 3-year period. It is important to note that the 103rd Legislature includes a 90-day session and a 60-day session. While the 60-day second session for this legislature has just come to an end, the summary statistics for the entire year (2014) will not be available until January of 2015.

There are several observations that may indicate trends in lobbying activity:

- The total amount spent by principals on lobbying per session continues to hover between \$13,000,000 and \$14,000,000.
- The statistics seem to show an increase in the number of principals hiring professional lobbyist and a decrease in the number of volunteer groups with unpaid lobbyists.
- Although the statistics indicate a slight decrease in dollars spent by the principals on lobbying activity, “Lobbyist Compensation” shows a dramatic increase in 2013 of more than \$600,000.
- We are pleased to see that the reporting of “Miscellaneous Expense” has been more clearly defined since 2011.

Lobbying activity is largely influenced by the issues under consideration and by the willingness of principals to spend dollars to influence the unicameral. Despite our observations, we cannot predict what the next session will bring.

Who Was Involved?

	2011	2012	2013
Compensated Lobbyists	323	313	321
Volunteer Lobbyists	60	50	38
Principals	487	499	506
Volunteer Organizations	38	33	23

LOBBY SPENDING

Most people recognize that the Nebraska Unicameral is terribly underpaid. \$12,000 and a limited per diem are not adequate to compensate for the long hours and the heavy responsibility. At the same time it is wrong to assume gift giving and special privileges are an accepted form of compensation. Lobbyists and principals provide these things with the expectation that they will win favor and gain special access.

It is ironic that “we the people” provide so little for our lawmakers while special interests are willing to spend so much. Our 49 senators earn collectively a total of \$588,000 each year while special interest are willing to spend nearly \$14,000,000 to influence our government. It is also ironic that most senators argue that the lobby has very little influence on their vote, while so many powerful entities are sure their investment in lobbying pays off.

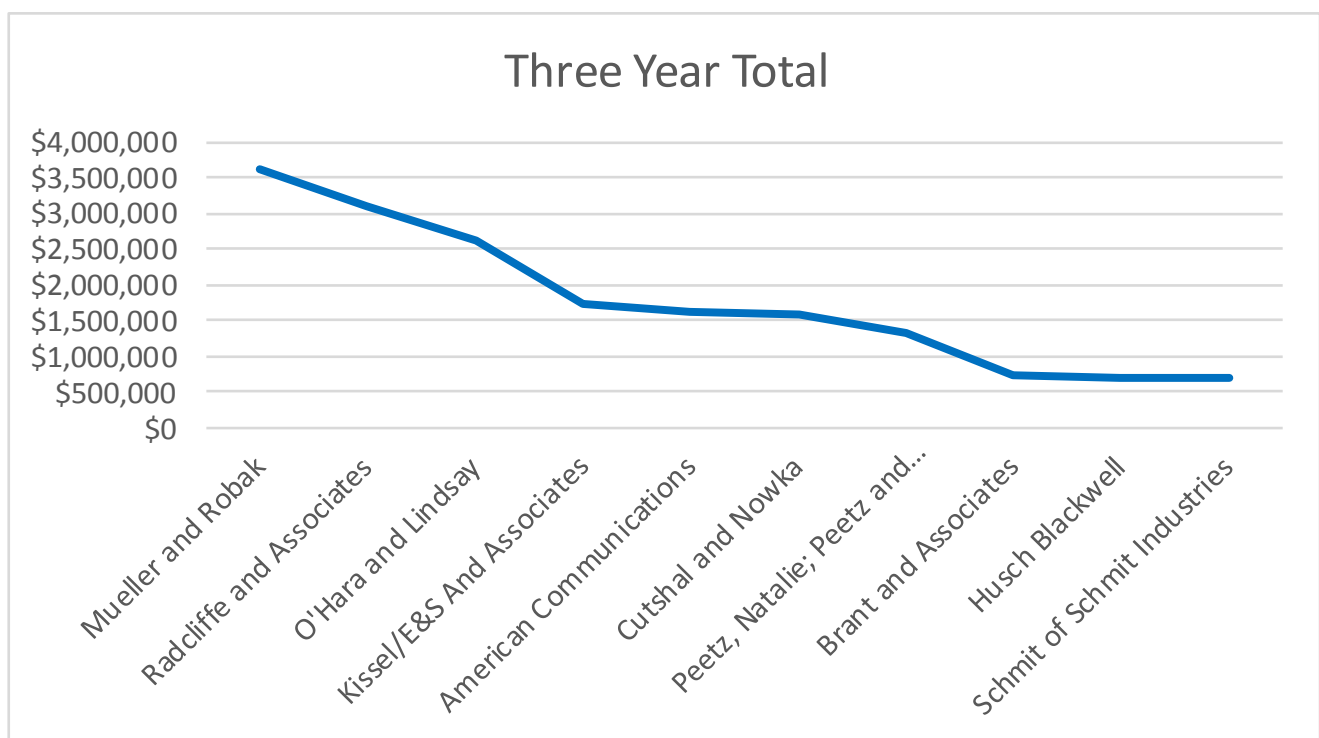
Top Lobbying Spenders

Principals	2011	2012	2013	Three Year
TransCanada	\$579,531	\$94,996	\$92,000	\$766,527
Assoc. of NE Ethanol Producers	\$293,913	\$201,825	\$191,475	\$687,213
Altria Client Services	\$317,807	\$122,158	\$209,655	\$649,620
League of Municipalities	\$204,752	\$211,351	\$193,131	\$609,234
Nebraska Chamber of Commerce	\$128,783	\$129,895	\$151,377	\$410,055
University of Nebraska	\$116,783	\$122,079	\$156,634	\$395,496
Nebraska Bankers Associations	\$142,795	\$125,499	\$124,535	\$392,829
Nebraska State Education Association	\$148,601	\$137,761	\$103,050	\$389,412
Nebraska State Bar Association	\$86,021	\$86,202	\$92,388	\$264,611
Nebraska Public Power District	\$89,665	\$83,521	\$86,292	\$259,478
Totals	\$2,108,651	\$1,315,287	\$1,400,537	\$4,824,475

Top Lobbying Firms

Listed below are some of the top lobbying firms reporting total receipts.

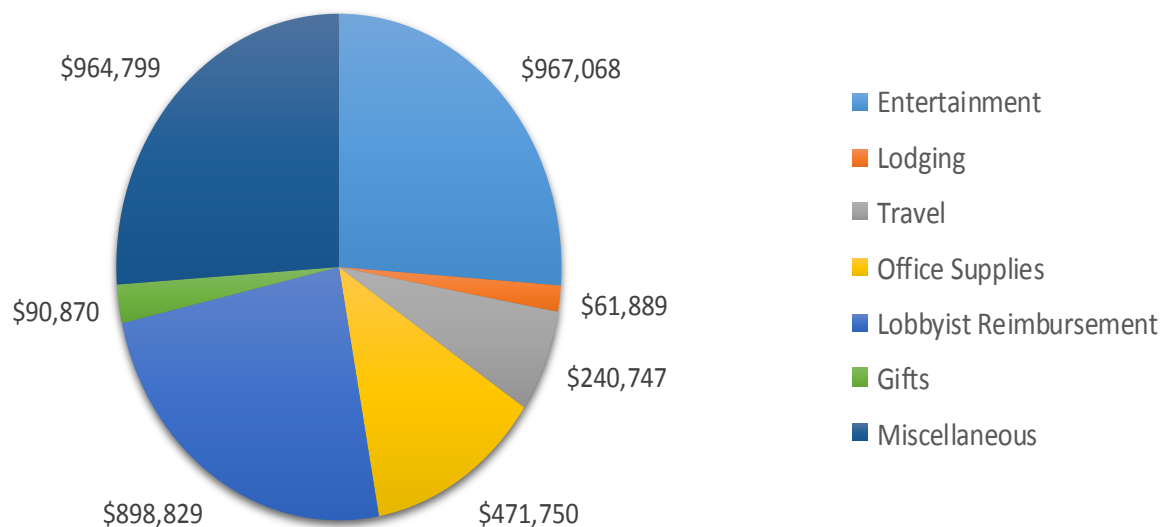
Lobbyist	2011	2012	2013	Three Year Total
Mueller and Robak	\$1,176,804	\$1,164,855	\$1,273,952	\$3,615,611
Radcliffe and Associates	\$1,022,067	\$1,062,785	\$1,025,960	\$3,110,812
O'Hara and Lindsay	\$886,813	\$857,503	\$873,348	\$2,617,664
Kissel/E&S And Associates	\$548,657	\$564,764	\$611,519	\$1,724,940
American Communications	\$517,555	\$528,999	\$592,350	\$1,638,904
Cutshal and Nowka	\$497,362	\$521,862	\$552,308	\$1,571,532
Peetz, Natalie; Peetz and Company	\$302,500	\$496,500	\$513,000	\$1,312,000
Brant and Associates	\$242,299	\$237,982	\$240,743	\$721,024
Husch Blackwell	\$263,819	\$183,682	\$237,552	\$685,053
Schmit of Schmit Industries	\$289,800	\$201,825	\$191,475	\$683,100
Totals	\$5,747,676	\$5,820,757	\$6,112,207	\$17,680,640



Other Expenses

Expense	2011	2012	2013	Three Year Total
Lobbyist Compensation	\$12,200,404	\$12,082,196	\$12,833,019	\$37,115,619
Entertainment	\$338,885	\$355,544	\$272,639	\$967,068
Miscellaneous	\$619,995	\$162,806	\$181,998	\$964,799
Lobbyist Reimbursement	\$350,501	\$272,568	\$275,760	\$898,829
Office Supplies	\$129,936	\$171,194	\$170,620	\$471,750
Travel	\$142,904	\$52,913	\$44,930	\$240,747
Gifts	\$36,864	\$25,637	\$28,369	\$90,870
Lodging	\$23,453	\$29,080	\$9,356	\$61,889
Totals	\$13,842,885	\$13,151,932	\$13,816,691	\$40,811,571

Three Year Total Excluding Lobbyist Reimbursement



GIFTS TO LEGISLATORS

It remains difficult to measure the full impact of lobbying money on the Nebraska Unicameral. Lobbyists are restricted to gifts of \$50 per month per senator. Senators must report only gifts valued over \$100. Principals, those special interests that hire lobbyists, only report total expenditures. Since food and beverages are exempt from reporting the picture becomes clouded. Golf outings, luncheons, holiday gifts, birthday gifts, wedding presents, and tickets to events are difficult to track to specific senators.

If we use TransCanada as an example, we know that over a three-year period the company spent \$766,527 on lobbying activity but we cannot track the money to specific events or specific recipients. If TransCanada gave a senator a gift value under \$100, neither TransCanada nor the senator would have to report the value or identify the gift. **If TransCanada held an elaborate dinner and invited every senator providing food and beverages amounting to \$200 per senator the expense might only show up in TransCanada's total miscellaneous figure.** The public could not find out if their senator attended or the actual value of the event.

The only lobbying entity that provides greater disclosure is the University of Nebraska. Several years ago the University agreed to disclose their "gifts of admission" so that the public could see who received the highly valued football tickets. It has been reported that the seating of senators is between the 40-yard lines about halfway up the lower section on the west side of the stadium. In 2013, the University placed a value of \$896 on two season tickets. Senators are not required to make the required "foundation donation."

It can be argued that who gets free football tickets is a trivial issue but it is the only true measure of how accurately gifts are reported. There has been a dramatic improvement in legislative reporting between 2012 and 2013 and a reduction in the number of senators accepting free tickets. Ron Withem, the University's lead lobbyist, has indicated that Club Tickets and Skybox Tickets will no longer be offered to senators on a single game basis.

The charts in the following pages are compiled from both the University of Nebraska's Principal's Report and the Statement of Financial Interests filed by the senators with the Nebraska Accountability and Disclosure Commission. The chart shows who accepted tickets and who actually reported the gift. The University reports tickets for single games of basketball and UNO ice hockey but those tickets are valued under \$100 and are not required to be reported by senators.

2013 University Gifts

Overall, the number of season tickets accepted and reported stayed the same from 2012 to 2013. Yet the number of club tickets accepted dropped to just 1 in 2013, as compared to 12 in 2012. While it's good that a majority of legislators are reporting these tickets, there is still room for improvement, especially when a gift of Season Tickets is valued at **\$896**.

	Season Tickets	Club Tickets
Accepted	13	1
Reported	9	0
Unreported	4	1

	Accepted Two Season Tickets	Accepted Two Club Tickets	
Sen. Coash	Reported		
Sen. Conrad	Reported		
Sen. Crawford	Reported		
Sen. Davis	Not Reported		
Sen. Dubas	Reported		
Sen. Haar	Reported		
Sen. Howard	Not Reported		
Sen. Karpisek	Reported		
Sen. Larson	Reported		
Sen. Lautenbaugh	Not Reported		
Sen. McGill	Reported		
Sen. Murante	Reported		
Sen. Price	Not Reported		
Sen. Adams			Not Reported

2012 University Gifts

Last year's ticket reporting, when two season tickets were valued at **\$792**.

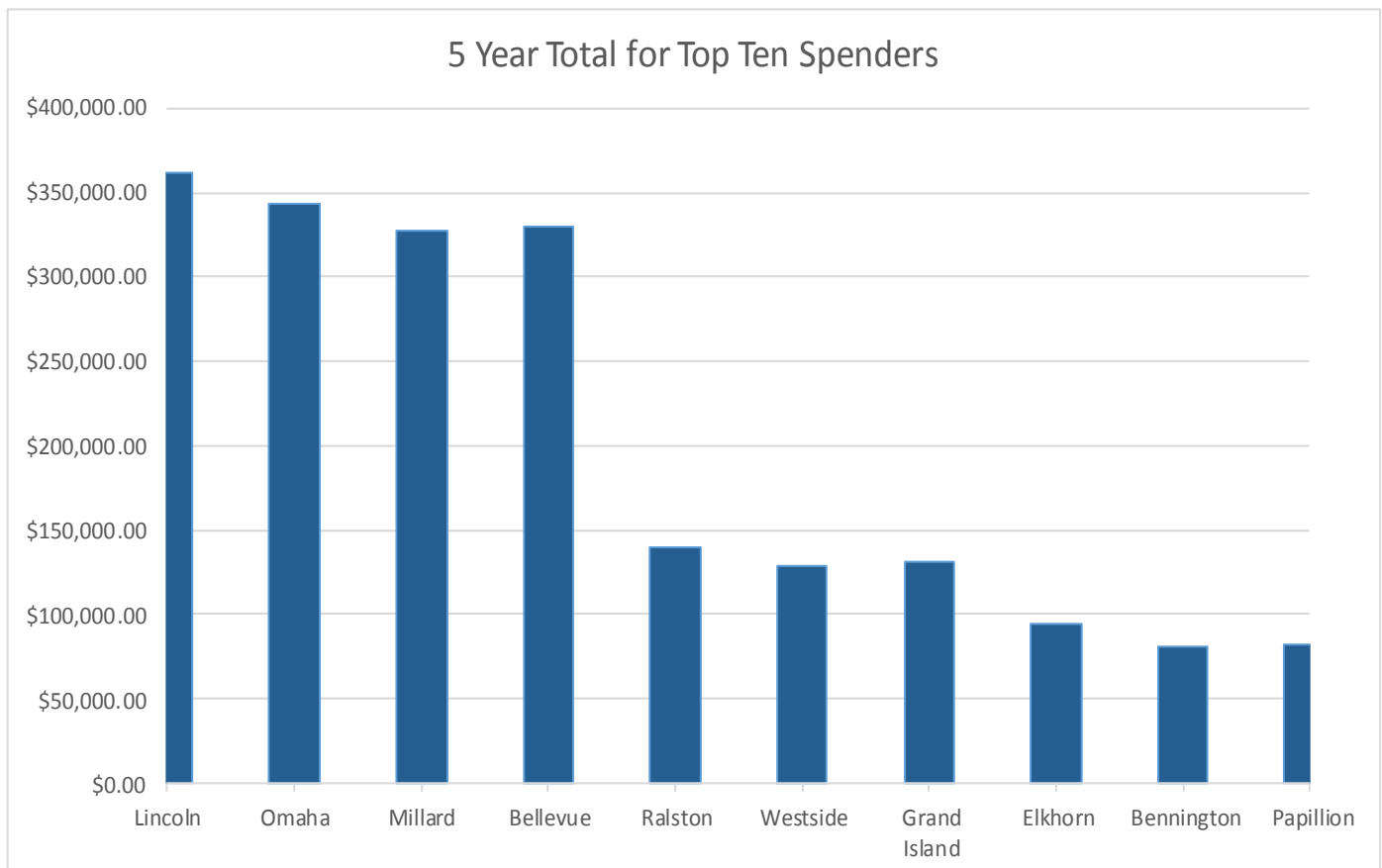
	Season Tickets	Club Tickets
Accepted	13	12
Reported	9	4
Unreported	4	8

	Accepted Two Season Tickets	Accepted Two Club Tickets
Sen. Coash	Reported	
Sen. Conrad	Reported	
Sen. Cornett	Not Reported	Not Reported
Sen. Council	Reported	
Sen. Dubas	Reported	Not Reported
Sen. Haar	Reported	
Sen. Howard	Not Reported	
Sen. Heidemann		Reported
Sen. Karpisek	Reported	Not Reported
Sen. Larson		Reported
Sen. Lautenbaugh	Not Reported	Not Reported
Sen. Louden	Not Reported	Not Reported
Sen. McCoy		Reported
Sen. McGill	Reported	
Sen. Mello		Not Reported
Sen. Nelson		Reported
Sen. Pahls	Reported	
Sen. Price	Reported	Not Reported
Sen. Schilz		Not Reported
Sen. Smith		

* In 2012, Sen. Smith paid for two season tickets with campaign funds

SCHOOL LOBBYING

Many public entities, already supported by tax dollars, spend tax dollars to lobby for more tax dollars. The classic example is public school lobbying. Below are the 16 school districts that have had the revenue to hire their own lobbyists over the last 6 years. The question is whether the investment is in the best interest of all Nebraska school children. Are these districts sacrificing a teacher to hire a lobbyist? Does the lobbying result in competition for tax dollars leaving the district without lobbyists with less funding? Are the lobbyists working for the best interests of all children or just for the children in the districts that pay them?



Since our last report a number of “lobby-less” school district have organized to form STANCE, or “Schools Taking Action for Nebraska Children’s Education.” The member districts have pledged not to hire professional lobbyists but are requiring their superintendents to take an active role at the capitol. Their goal is to represent the interests of all Nebraska children rather than compete for the special interests of individual districts. STANCE should be credited for a truly noble effort.

School District Lobby Spending

All told, roughly \$2,345,455.49 has been spent on lobbying by public school districts and the Learning Community over the last 5 years.

School District	2009	2010	2011	2012	2013	Lobbyist
Adams Central	\$6,300.59	\$2,072.73	\$4,267.52	\$2,511.45	\$11,117.87	Ramaekers
Bellevue	\$75,475.00	\$60,075.00	\$73,800.00	\$60,000.00	\$60,200.00	Radcliffe
Bennington	\$20,000.00	\$9,000.00	\$20,200.00		\$32,300.00	Plucker
Columbus	\$15,000.00	\$11,250.00	\$11,250.00	\$15,000.00	\$11,250.00	Amack
Elkhorn	\$20,200.00	\$15,200.00	\$20,200.00	\$20,000.00	\$18,950.00	Cutshall
Fremont	\$15,395.89	\$14,001.38	\$12,092.29	\$10,558.61	\$20,000.04	Jensen/Rogert
Grand Island NW	\$6,597.74	\$2,081.42	\$4,268.01	\$2,606.68	\$11,079.02	Ramaekers
Grand Island	\$21,450.00	\$19,875.00	\$30,000.00	\$30,000.00	\$30,000.00	Amack
Lakeview		\$2,245.73	\$4,348.02	\$2,646.08	\$6,080.69	Ramaekers
Lexington	\$15,200.00	\$15,000.00				Bromm
Lincoln	\$95,572.35	\$96,186.71	\$70,447.95	\$54,823.16	\$45,086.06	Radcliffe
Millard	\$65,420.33	\$65,383.95	\$65,471.95	\$65,396.11	\$66,079.15	Mueller/ Passarelli
Omaha	\$62,152.96	\$67,038.31	\$79,161.51	\$68,283.24	\$67,091.05	O'Hara
Papillion	\$22,186.40	\$20,983.00	\$12,200.00		\$27,200.00	Coleman
Ralston	\$23,500.00	\$31,020.00	\$27,142.50	\$30,073.32	\$28,416.63	Kissel
Westside	\$27,708.97	\$19,525.80	\$22,646.36	\$ 27,704.92	\$31,418.13	Schimek
Totals	\$492,160.23	\$450,939.03	\$457,496.11	\$ 389,603.57	\$466,268.64	

School	2009	2010	2011	2012	2013	Total	Lobbyist
Learning	\$6,000.00	\$10,000.00	\$24,491.13	\$24,248.39	\$24,248.39	\$88,987.91	Jensen/Rogert

CAMPAIGN CONTRIBUTIONS

Although we tend to separate lobbying expenses from campaign contributions, both play a key role in winning access and influence. Union Pacific didn't spend \$100,000 on lobbying in 2011 and 2012, but it did spend \$110,400 on campaign contributions over those two years.

Most corporate interests contribute generously to candidates for both parties but tend to favor incumbents. It is a very practical approach. Once a candidate is elected, offers to host fundraisers begin. There is a real value in developing an eight-year relationship with a newly elected senator. Most incumbent senators will accept at least 2/3 of their campaign money from lobbyist and special interests. It is reasonable to think that term limits might reduce the fundraisers during a senator's second term but this is not the case. Many senators use campaign dollars for club memberships, travel expenses, charitable contributions, tickets to fundraising events, office supplies, computers, etc. If a senator has other political ambitions or plans to return to the legislature in four years a healthy war chest is desirable.

Lobbyist sponsored in-session fundraisers tend to be the most efficient approach to fundraising. The senators are in town, the lobbyists are in the rotunda, and the issues are on the floor. Common Cause estimates that an in-session fundraiser can generate as much as \$7,000 at a closed breakfast one hour before the senators are on the floor. Most contributions are kept under \$250 which allows the reporting to appear only as cash.

Senators report campaign contributions and expenditures over \$250, but senators and other state officials do not have to provide yearly bank statements for their campaign accounts. Senator Council was able to gamble away \$64,000 in campaign funds over a five -year period because auditors did not have access to a documented bank statement. In 2013 and 2014 Common Cause supported and helped to write legislation that would require yearly bank statement to be submitted to the Accountability and Disclosure Commission. In both sessions the Government Committee removed the provision in executive session and failed to advance the bill.

Every individual and every organization should be encouraged to make their opinions heard. Professional lobbyists are excellent communicators and providers of information. It is gift giving, entertainment and campaign contributions that create ethical questions and public concern. Common Cause continues to encourage legislation that eliminates the questionable practices and limits the influence of big money.

