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2008 OCT 20 AM 10: 24

INDEPENDENT REGULATORY REVIEW COMMISSION

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October 20, 2008

Robert A. Mulle, Esq. Deputy Chief Attorney General Office of Attorney General 15th Floor, Strawberry Square Harrisburg, PA 17120 Albert H. Masland. Esq. Chief Counsel Department of State 301 North Office Building Harrisburg, PA 17120 Mr. Kim Kaufman Executive Director Independent Regulatory Review Commission 333 Market Street, 14th Floor Harrisburg, PA 17101

Re: Lobbying Disclosure Regulations IRRC Regulation #16-40

Dear Mr. Mulle, Mr. Masland, and Mr. Kaufman,

Thank you for the opportunity to provide comments on the final-form Lobbying Disclosure Regulations. PAR has provided written comments and recommendations, as well as verbal testimony, on these regulations since they were first proposed. PAR thanks the members of the Lobbying Disclosure Regulations Committee for actively engaging public input into the proposed regulations. The Committee is to be commended for fostering an open and thoughtful regulatory process.

The final-form regulations, in comparison to the proposed regulations, address some of our concerns relating to regulatory provisions that go beyond the law (specifically, clarification that monitoring alone does not constitute lobbying) but still need to address other proposed provisions that exceed the scope of the statute.

We remain opposed to <u>any</u> provision in the regulations that surpasses what is enacted in statute. The IRRC's March 20, 2008 comments on the proposed regulations also questioned the consistency with statute of several proposed regulatory requirements.

PAR recommends that the IRRC's March 20, 2008 comments be accepted in full. PAR agrees that the following sections be removed or clarified satisfactorily within the limits of the statute:

1. §53.2 (a)(1) Principal registration. Engaging an individual or entity for lobbying services or paying economic consideration to an individual or entity for lobbying services constitutes acting in the capacity of a principal.§53.3(a)(1) Lobbying firm registration. (1) Accepting an engagement to provide lobbying services or accepting economic consideration to provide lobbying services constitutes acting in the capacity of a lobbying firm. §53.4 (a)(1) Lobbyist registration. (1) Accepting an engagement to provide lobbying

services or accepting economic consideration to provide lobbying services constitutes acting in the capacity of a lobbyist.

These sections are not consistent with the statute and could be interpreted to mean that an engagement letter with a lobbyist – even if no lobbying has taken place – triggers registration and reporting.

As PAR and the IRRC pointed out in earlier comments, it is the *action of lobbying* (within the defined thresholds) that must occur before registration and reporting begins. As the IRRC recommended in their March 20, 2008 comments, the regulations must be rewritten "to clearly require lobbying to be the action that requires registration." PAR reiterates this recommendation and requests that the IRRC disapprove these regulations if this recommendation is not accepted to ensure compliance with the statute.

There is another provision where the regulations do not appear to reflect the statute, referenced below in an excerpt from the preamble:

In § 55.1(i)(4), the Committee added a sentence stating that reportable expenses shall include transportation, food and lodging paid for any individuals in furtherance of lobbying. The Committee reasoned that the amendment clarifies that a principal must report all expenses for any individuals in furtherance of lobbying, even if those individuals are exempt from registration and reporting. For example, a principal busses 30 individuals, who are volunteering and are exempt from registration and reporting under section 13A06 of the act, to come and spend a day at the Capitol promoting the principal's legislative agenda. The costs associated with the individuals lobbying activities, including the bus trip, would have to be reported on the principal's next quarterly expense report.

These statements from the preamble are confusing. If we hire a consultant who does <u>not</u> meet the threshold to register and report as a lobbyist, but who does engage in minimal "lobbying" activities on occasion, the de minimus lobbying under the threshold should not trigger reporting these expenses. And if we did in fact report these minimal lobbying expenses, how would the consultant – who is not a registered lobbyist – verify our reported expenses on the state's online reporting system? There is no capacity for them to verify this currently.

Based on the previous discussion, PAR recommends that the above statements from the preamble be removed. If our two recommendations are accepted to insure that the regulations do not exceed the statute, then PAR supports approval of the final-form regulations. Thank you for considering our comments and recommendations. If you have any questions or concerns, please do not hesitate to contact me.

Sincerely,

Shirley A. Walker President and CEO

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