



BlueCross of Northeastern Pennsylvania

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www.bcnepa.com

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June 27, 2013

Caroline A. Bailey
Assistant Counsel
Department of State
210 North Office Building
Harrisburg, PA 17120

Re: Proposed Revisions to the Lobbyist Registration Fee

Dear Ms. Bailey:

I write to you on behalf of Blue Cross of Northeastern Pennsylvania (BCNEPA) concerning the Department of State's (the Department's) recent proposal to increase the biennial registration fee for lobbyists from \$200 to \$700 pursuant to the Lobbying Disclosure Act (the Act). According to the Regulatory Analysis Form (RAF) submitted by the Department, this fee increase would catapult Pennsylvania to the top of biennial lobbyist licensing fee states and significantly increase costs for businesses and other entities that engage in lobbying in Pennsylvania. The RAF illustrates that, of the states that charge annual fees, a \$700 biennial fee would make Pennsylvania the fourth costliest state in which to conduct lobbying, behind New Jersey, Texas¹ and Massachusetts.

We appreciate the Department's need to cover the costs of administering the Act, but a onetime 350% increase appears to be unreasonable. We would respectfully ask for consideration of the alternative approaches listed at the end of this communication. It is important to note this proposal represents a 700% increase in just a matter of four years given that the fee in 2010 was \$100. Among other things, we believe that a 700% increase in the cost to engage in the political and public policy making process would place a significant burden on smaller businesses and organizations for which lobbying is not a primary business function.

By way of background, for 75 years, BCNEPA has provided health insurance to the residents of northeastern and north central Pennsylvania. We currently provide coverage for over 540,000 members and continually seek innovative approaches to reduce the cost of health care while improving health care quality and outcomes throughout our region.

¹ According to the Department's RAF, Texas uses a modified sliding scale fee structure by charging lobbyists of non-profit organizations \$150 per year. This would make Pennsylvania the third costliest state for non-profits to conduct lobbying.



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BCNEPA's core business is the provision of health insurance to the residents of northeastern and north central Pennsylvania. We are also a heavily regulated industry and health care has topped the legislative agenda for a number of years. We therefore believe that it is important to engage in the public policy making process with elected officials and their staff members. Many of these interactions and communications fall within the Act's definition of lobbying. Under the Department's proposed increase, BCNEPA's biennial cost to participate in the legislative process would rise from \$800 to \$3,500. As we are witness to a challenging environment in terms of the costs of running a business, BCNEPA believes that such a dramatic increase is excessive. We believe this is especially true for organizations like BCNEPA where lobbying is not the key component of business operations.

Similarly, many small businesses and nonprofit organizations occasionally engage in activity considered lobbying under Pennsylvania Law. Although not part of core business operations, these entities nonetheless interact directly with members of the General Assembly and staff on matters impacting business operations. Currently, many of these businesses pay the biennial fee in order to comply with the law. Many such organizations likely will not be in a position to pay the increased fees, thus facing the difficult decision to forfeit their right to engage in public policy making through lobbying. Moreover, this proposal threatens to collapse lobbying in Pennsylvania to the sole province of large organizations whose primary function is lobbying. We believe this unintended consequence is not within the spirit or intent of the Act.

While we recognize and appreciate the economic realities currently facing the Commonwealth, we do not believe this serves as justification for such a significant increase that may drive smaller entities out of the lobbying process. To that end, we recommend the Department consider the following options:

- Impose a more limited increase to the registration fee with an automatic inflator to provide predictability for companies and entities engaging in lobbying;
- Establish separate fees for entities that engage in lobbying as their core business function and for small businesses and other entities that engage in limited lobbying activities;
- Create a sliding scale registration fee based on the volume of lobbying conducted by the registrant.

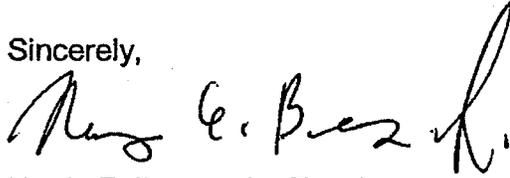
Thank you for the opportunity to comment on the Department of State's proposed revisions to the lobbyist registration fee pursuant to the Lobbying Disclosure Act.

Should you have questions or concerns regarding the contents of this letter or this matter in general, please feel free to contact me at the following address:

500 North Third Street
Suite 6B
Harrisburg, PA 17101
(717) 213-6914

Thank you for your attention to this matter.

Sincerely,

A handwritten signature in cursive script, appearing to read "Norris E. Bennis, Jr.", written in dark ink.

Norris E. Bennis, Jr., Esquire
Director, Regulatory Affairs