



NEWS RELEASE

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A bevy of contentious issues in the state capitol has prompted several special interest groups to spend record sums lobbying state officials, according to an analysis of annual lobbying reports released today by the New Jersey Election Law Enforcement Commission (ELEC).

Issues such as a request by the state's largest electric utility for a special \$300 million per year surcharge to keep three nuclear plants running, an aborted raid on the surplus funds of the state's largest health insurer, and a proposed increase in the minimum wage all prompted heavy spending in 2017.

"In a democratic society, policy-making often doesn't come easy or quietly. And the most intense debates often lead to heavy lobbying activity," said Jeff Brindle, ELEC's Executive Director. "In 2017, several issues that are still on the hot burner in 2018 led to record spending by some of the parties with the biggest stakes," he said.

Brindle said people should remember that lobbying is a fundamental part of democracy. It is protected under the First Amendment, which guarantees the right "to petition the Government for a redress of grievances."

Table 1
Top 10 Special Interest Organizations
Total Spending 2017 vs 2016

ORGANIZATION	2017	2016	CHANGE-\$	CHANGE-%
Horizon Blue Cross Blue Shield of NJ	\$2,524,921*	\$778,403	\$1,746,518	224%
Public Service Enterprise Group	\$2,350,364*	\$370,093	\$1,980,271	535%
Latino Consumer Alliance	\$1,415,000	0	\$1,415,000	NA
Occidental Petroleum Corporation	\$1,198,826*	\$371,004	\$ 827,822	223%
NJ Food Council	\$1,151,556*	\$191,272	\$ 960,284	502%
New Jersey Coalition for Fair Energy	\$ 939,058	0	\$ 939,058	NA
Protect Jersey Jobs	\$ 920,438	0	\$ 920,438	NA
NJ Hospital Association	\$ 818,332*	\$710,322	\$ 108,010	15%
Prudential Financial Inc	\$ 778,353	\$801,786	\$ (23,433)	-3%

*Record high for organization

Horizon Blue Cross Blue Shield of NJ, the state's largest health insurer, spent the most of any one organization. It increased its spending 224 percent to \$2.5 million- its largest expenditure ever by a large margin. Horizon and other health insurers have been contending with several thorny issues, including legislation to protect consumers from surprise out-of-network medical bills and legislation regulating telemedicine.

The most likely cause of the sharp increase in Horizon's spending, however, was a plan by former Governor Chris Christie to use up to \$300 million of the health insurer's reserves to help fund a program to prevent abuse of opioid pain killers. The issue triggered a state budget shutdown last year. In the end, lawmakers defeated the Governor's attempt to obtain the surplus for opioid prevention but did place a future cap on Horizon's reserves.

One sign of the issue’s importance is that Horizon used part of its spending to pay \$1.4 million to Latino Consumer Alliance to help fend off the diversion. Led by the former AARP government affairs director, the group ran an extensive public relations campaign against the move.

Another major firm, Public Service Enterprise Group, which includes Public Service Electric & Gas, the state’s largest energy utility, also boosted spending to an historic level- \$2.4 million, or 535 percent more than the year earlier. Its previous peak spending on lobbying- \$863,073 in 2012.

Utility officials have warned they will have to prematurely close three nuclear plants in Salem County unless they win passage of legislation to permit a special rate increase. Advocates point out thousands of jobs also could be lost if the reactors are decommissioned. Estimates indicate residential customers would pay about \$30 to \$40 a year more if the surcharge takes effect.

Along with Public Service, Exelon Generation Company LLC of Kennett Square, PA, a co-owner of two of the nuclear plants, increased spending 61 percent to \$193,590 in 2017.

On the other side of the issue is a group called New Jersey Coalition for Fair Energy, which opposes the surcharge. The newly-created group reported spending \$939,058 in 2017. The coalition consists of Calpine Corp., and Dynegy Inc., both of Houston, Texas, Electric Power Supply Association of Washington, DC, and NRG Energy Inc. of Princeton.

Another big spender in 2017 was Occidental Petroleum Corporation, which expended \$1.2 million. Its representatives met with several administration and legislative officials over a hearing on superfund legislation, according to its quarterly lobbying reports.

The state Attorney General’s office announced in February 2015 that Occidental Chemical Corp., a subsidiary, had agreed to pay the state \$190 million as part of a larger plan to detoxify the lower Passaic River. Occidental Chemical is the legal successor to the former Diamond Shamrock Chemicals Company, which ran a factory that contaminated the river.

NJ Food Council, which opposes a higher minimum wage, spent \$1.1 million in 2017 to try to stop it- 502 percent more than it spent in 2016 and also a record for the organization. It transferred \$920,438 to a group called Protect Jersey Jobs to help lobby against a proposed wage hike.

While 2016 was marked by several controversial issues, total spending on lobbying climbed just 0.5 percent to \$90.8 million. (Note: totals for 2015, 2016 and 2017 are considerably higher than previously reported totals mainly because of a change in ELEC methodology that now captures all payments to outside agents. The reporting gap became noticeable after ELEC switched to electronic filing of all annual lobbying reports.)

Table 2
Total Spending by Lobbyists in New Jersey 2011-2017

YEAR	EXPENDITURES	CHANGE-\$	CHANGE-%
2017*	\$ 90,791,637	\$ 429,508	0.5%
2016	\$ 90,362,129	\$ (1,142,581)	-1.2%
2015**	\$ 91,504,710	\$ 32,630,765	55.4%
2014	\$ 58,873,945	\$ (4,504,869)	-7.1%
2013	\$ 63,378,814	\$ 5,341,014	9.2%
2012	\$ 58,037,800	\$ (16,111,882)	-21.7%
2011	\$ 74,149,682	\$ 8,253,560	12.5%

*Preliminary

**Totals for 2015 and later reflect larger payments to outside agents that weren’t included in earlier ELEC methodology.

Focusing on the broader activity of special interest groups, spending on energy issues jumped the most- 49 percent- due largely to the debate over the nuclear power plant subsidies. The 39 percent increase in spending by insurance interests was driven in part by increased spending on the fate of the Horizon surplus.

Spending on transportation was down 64 percent one year after advocacy groups won passage of a higher gasoline tax to help pay for transportation improvement projects.

Table 3
Top 10 Special Interest Categories
by Total Spending in 2017

SPECIAL INTEREST GROUP	2017	2016	CHANGE-\$	CHANGE-%
Business-Miscellaneous	\$12,926,972	\$9,517,782	\$ 3,409,190	36%
Energy	\$ 7,624,942	\$5,101,023	\$ 2,523,919	49%
Insurance	\$ 6,136,086	\$4,400,836	\$ 1,735,249	39%
Hospitals	\$ 6,051,477	\$5,269,388	\$ 782,088	15%
Health	\$ 5,325,967	\$6,082,511	\$ (756,544)	-12%
Real Estate	\$ 3,420,915	\$4,274,554	\$ (853,638)	-20%
Drug	\$ 2,917,105	\$3,003,070	\$ (85,965)	-3%
Transportation	\$ 2,462,714	\$6,885,435	\$ (4,422,721)	-64%
Education	\$ 2,253,522	\$2,130,086	\$ 123,436	6%
Ideological	\$ 1,762,009	\$2,046,486	\$ (284,477)	-14%

Despite the spate of new issues, spending on communications fell for the second straight year to \$8.5 million, a 20 percent drop from the 2016 total.

Table 4
Total Annual Spending on Lobbying Communications - 2011-2017

YEAR	AMOUNT	CHANGE-\$	CHANGE-%
2017	\$ 8,451,798	\$ (2,123,150)	-20%
2016	\$10,574,948	\$ (4,204,761)	-28%
2015	\$14,779,709	\$ 11,044,746	296%
2014	\$ 3,734,963	\$ (3,081,016)	-45%
2013	\$ 6,815,979	\$ 4,608,363	209%
2012	\$ 2,207,616	\$ (12,979,720)	-85%
2011	\$15,187,336	\$ 4,844,019	47%

While communications spending overall was down, the five largest spenders all were involved in the high-profile issues that dominated the Trenton agenda in 2017.

Table 5
Top Five Expenditures on Lobbying
Communications in 2017 by Represented Entities

GROUP	AMOUNT
Public Service Enterprise Group	\$1,759,448
Latino Consumer Alliance	\$1,415,000
Protect Jersey Jobs	\$ 920,438
NJ Coalition For Fair Energy	\$ 817,139
Horizon Blue Cross Blue Shield of NJ	\$ 551,970

A 20 percent decline in communications spending was offset by a 98 percent jump in assessments, membership fees and dues.

Table 6
Lobbying Expenses by Category

EXPENSE CATEGORY	2017	2016	CHANGE-\$	CHANGE-%
In-House Salaries	\$36,034,080	\$35,533,514	\$ 500,566	1%
Compensation to Outside Agents	\$38,894,216	\$38,998,025	\$ (103,809)	-0.3%
Communications	\$ 8,451,798	\$10,574,948	\$(2,123,150)	-20%
Assessments Membership Fees and Dues	\$ 4,579,354	\$ 2,313,953	\$ 2,265,401	98%
Support Personnel	\$ 2,382,397	\$ 2,498,862	\$ (116,465)	-5%
Travel and Lodging	\$ 443,824	\$ 439,326	\$ 4,498	1%
Benefit Passing	\$ 5,967	\$ 3,501	\$ 2,466	70%
Total Expenditures	\$90,791,636	\$90,362,129	\$ 429,507	0%

The amount spent by lobbyists on “benefit passing”- gifts like meals, trips or other things of value- shot up 70 percent in 2017 to \$5,967. The amount is the largest since 2012. However, the 2017 total still represents a 96 percent drop from the 1992 spending peak of \$163,375.

Table 7
Total Spending on Benefit Passing
Unadjusted for Reimbursements

YEAR	TOTAL SPENT ON BENEFIT PASSING	CHANGE IN %
2017	\$ 5,967	70%
2016	\$ 3,501	44%
2015	\$ 2,439	-26%
2014	\$ 3,283	-18%
2013	\$ 4,022	-29%
2012	\$ 5,652	-1%
2011	\$ 5,687	-24%

Reports show that 106 lobbyists in 2017 held 144 appointed seats on public authorities, boards and commissions- 38, or 36 percent, more than in 2016. (Some lobbyists sit on multiple boards.)

The average number of lobbyists fell to 900 in 2017, the lowest point since 2005, when there were 613 registered lobbyists. The number is down 4 percent from 2016, and 14 percent below the peak of 1,043 in 2008.

The number of clients fell to 1,923, the lowest point since 2009, when there were 1,834 clients. The number is down one percent from 2016, and 7 percent beneath the peak of 2,077 in 2012.

For the fifteenth straight year, Princeton Public Affairs Group Inc. reported the highest receipts among multi-client contract lobbying firms. Eight of 10 firms on the 2016 list remained there in 2017.

Table 8
Top Ten Multi-Client Firms Ranked by 2017 Fees

FIRM	2017 RECEIPTS
Princeton Public Affairs Group Inc.	\$ 9,228,302
Public Strategies Impact LLC	\$ 6,161,016
MBI Gluckshaw	\$ 3,049,200
Kaufman Zita Group LLC	\$ 2,742,237
Cammarano Layton & Bombardieri Partners LLC	\$ 2,412,500
Gibbons PC	\$ 2,109,746
Optimus Partners LLC	\$ 2,051,100
Riker Danzig Scherer Hyland & Perretti LLP	\$ 1,418,798
Capital Impact Group	\$ 1,351,222
Komjathy & Kean LLC	\$ 1,338,560

At the federal level, the number of lobbyists in 2017 rose slightly to 11,444 after declining the previous ten years, according to the Center for Responsive Politics. Spending by federal lobbyists also rose to \$3.34 billion—the highest point since 2010. The lobbying business is thriving elsewhere as well. In 2017, heavy spending by the oil industry helped pushed lobbying expenditures to \$339 million in California, according to the Los Angeles Times.

Summary data provided for 2017 should be considered preliminary and incomplete.

This analysis reflects reports received as of noon March 6, 2018. In New Jersey, lobbyists who raise or spend more than \$2,500 were required to file a report on February 15th that reflects activity from the prior calendar year.

Summary information about lobbyist activities in 2017 can be obtained at the following website: http://www.elec.state.nj.us/publicinformation/gaa_annual.htm. Copies of annual reports also are available on ELEC's website.

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