



**Joint Hearing of House Gaming Oversight and Senate Community,
Economic and Recreational Development Committees
February 2, 2010 -- 9 a.m.
Hearing Room 1 North Office Building**

**Testimony of Chet Harhut, Commissioner
Bureau of Commissions, Elections and Legislation
Pennsylvania Department of State**

Lobbying Disclosure

Chairwoman Earl, Chairmen Santoni, Fontana and Schroder and distinguished members of the House Gaming Oversight and Senate Community, Economic and Recreational Development Committees:

Good morning. Thank you for the invitation to appear before you to discuss lobbying disclosure. For the record, my name is Chet Harhut and I am the Commissioner of the Department of State's (Department) Bureau of Commissions, Elections and Legislation (Bureau). In this capacity, I am responsible for the supervision of the Bureau, which oversees lobbying disclosure, notaries public, commissions, legislation and the Commonwealth's electoral process, which includes the Statewide Uniform Registry of Electors, voter registration, and campaign finance.

The Lobbying Disclosure Act (Act) was passed unanimously by the General Assembly and was signed by Governor Rendell on November 1, 2006. It is very important to explain that the Lobbying Disclosure Act assigns the responsibility for administration and enforcement of the Act to three state agencies and the Disciplinary Board of the Supreme Court of Pennsylvania.

The Department of State is solely responsible for the administration of the Act. We oversee registration, the filing of quarterly expense reports and conduct independent audits in accordance with the Act. The Department is also required to make all filed registrations and quarterly expense reports available to the public. The Act does not, however, provide the Department with any enforcement powers. The legislature designated the enforcement responsibilities to the State Ethics Commission, the Attorney General and the Disciplinary Board of the Supreme Court of Pennsylvania.

Under the Act, the State Ethics Commission's (Commission) responsibilities include both enforcement and issuing advisory opinions. The Commission is the only agency given the authority to issue an opinion regarding compliance with the Act. An opinion may be issued upon written request by a lobbyist, a lobbying firm, a principal, the Department of State, the Disciplinary Board, or a State official or employee. These opinions can be very helpful in that they can answer questions as to whether or not a certain specific factual activity constitutes lobbying under the Act.

Criminal enforcement of the Act is designated to the Attorney General. The Disciplinary Board of the Pennsylvania Supreme Court is responsible for enforcement of the Act as it pertains to lobbyists and principals who are also attorneys.

The Rendell Administration believes in making the lobbying process transparent, and registering lobbyists is a key step toward open disclosure. As of January 1, 2007, all lobbyists, lobbying firms and principals have been required to register biennially with the Department of State within 10 days of acting in any capacity as a lobbyist, lobbying firm or principal unless exempt under the Act. A person may be exempt from registration and reporting if, for example, a person does not receive economic consideration for lobbying or a person limits their lobbying to testifying before a committee or agency. A list of all of the exemptions can be found at section 13A06 of the Act.

To register, each individual lobbyist must submit a registration statement, recent photograph and a \$100 biennial registration fee. Lobbying firms and principals must submit a registration statement and the \$100 biennial registration fee.

The Act defines a lobbyist as any individual, association, corporation, partnership, business trust or other entity that engages in lobbying on behalf of a principal for economic consideration. The definition includes an attorney at law while engaged in lobbying. A lobbying firm is defined as an entity that engages in lobbying for economic consideration on behalf of a principal other than the entity itself. A principal is defined as an individual, association, corporation, partnership, business trust or other entity on

whose behalf a lobbying firm or lobbyist engages in lobbying or that engages in lobbying on the principal's own behalf.

Registered principals are also required to file quarterly expense reports with the Department of State, which must include the total costs of all lobbying for the reporting period. Lobbying costs include office expenses, personnel expenses, expenditures related to gifts, hospitality and transportation and lodging to state officials or employees. Additionally, a lobbying firm or a lobbyist not associated with a lobbying firm must submit a report if during the reporting period the lobbying firm or lobbyist engaged in lobbying which was not contained in any expense report filed by a principal or principals represented.

Guidance for how to comply with the Act can be found in the lobbying disclosure regulations that became effective on April 11, 2009. The regulations were drafted by the Lobbying Disclosure Regulations Committee (Committee), of which I am a member as the designee of Secretary Pedro A. Cortés. Additionally, the Committee published a manual in the *Pennsylvania Bulletin* on January 9, 2010, to give further guidance on the accounting and reporting requirements of the Act.

Thank you for the opportunity to present this testimony to you. At this time, I will be happy to answer general questions that you may have regarding the Act.