



## NEWS RELEASE

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FOR RELEASE:  
June 7, 1990

Frederick M. Herrmann, Executive Director of the New Jersey Election Law Enforcement Commission (ELEC), announced today that lobbying expenditures for the 1989 calendar year totaled \$8,599,381. This figure represents a decrease of \$1,950,393 from 1988 when expenditures totaled \$10,549,774. There were 524 reports filed in 1989, which represents a 4 percent increase over 1988 when 502 reports were filed.

"This decrease in total spending is not altogether surprising," said Herrmann, "due to the much publicized major loophole in the law." The "loophole" does not require reporting unless expenditures are expressly related to direct, express, and intentional communication with the Governor, the Legislature, or their staffs for the specific purpose of affecting legislation. Herrmann stated, "the lobbying activity and the communication must occur contemporaneously, or the expenditure is not reportable."

The "expressly" loophole is well known to lobbyists and legislative agents. Herrmann indicated that, "the loophole continues to widen." ELEC does not believe that the amount of money spent on lobbying in New Jersey has decreased.

These figures update an in-depth report released by the Commission on May 16 entitled White Paper Number Five: Lobbying Reform. The 111-page report called for reform of New Jersey's lobbying disclosure law. The Commission made recommendations in the report urging that all expenditures made by lobbyists which benefit the Governor or legislators and members of their staffs should be reportable. ELEC believes that this

"goodwill lobbying" activity should be reported as well as expenditures made only in the context of discussions on specific pieces of legislation - thereby closing the so-called "expressly" loophole.

The Commission is also suggesting that "grassroots lobbying" activity, which involves mobilizing broadbased support in favor or opposition to legislation or administrative actions, should be disclosed. Among the recommendations is a call for regulating the lobbying of members of the Executive Branch regarding administrative rules, regulations, and procurement to be disclosed.

In New Jersey, lobbyists and legislative agents who raise or expend more than \$2,500 are required to file a report on February 15th reflecting the activity of the prior calendar year.

Each filing entity is required to report eight categories of lobbying expenditures. Five of the eight spending categories decreased. The category which saw the largest dollar decrease was the total pro rata share of salaries of legislative agents, which went from \$6.6 million in 1988 to \$4.8 million in 1989. Likewise, the allocated cost of salaries of support personnel went from \$726,374 in 1988 to \$704,550 in 1989. Spending for specific events also decreased. Lobbyists and legislative agents reported spending 43 percent less on these events in 1989 (\$54,247) than they reported spending in 1988 (\$94,474). An example of a specific event is a reception, or any other such affair, which cost more than \$100.

Costs for travel and lodging of legislative agents and/or other employees also decreased, but only slightly. In 1989, \$133,172 was reported as spent on this category, versus \$148,783 in 1988. Also decreasing slightly was the category for fees and retainers, dropping in 1989 to \$2,374,634 from \$2,425,991 reported in 1988. This category

represents the total amount of fees, retainers, salaries, etc., paid to legislative agents not principally employed by the reporting lobbyist.

Only three categories of spending increased in 1989. Lobbying expenditures attributed to the passing of benefits saw an increase of 27 percent, rising to \$29,728 from the \$23,493 reported in 1988. For the last two consecutive years, spending in that category had declined. It should be noted, however, that this category has always been feared by the Commission to be substantially underreported. Herrmann deplored this situation because "the treating may be of more consequence than the talking." Also increasing by seven percent was the spending of money for distributing materials, which went to \$353,973 in 1989 from \$330,939 in 1988. Finally, amounts spent for membership dues and fees increased two percent in 1989 to \$140,153 from \$136,974 reported in 1988.

Since the law in its present form does not require lobbyists and legislative agents to disclose expenditures made on behalf of public officials unless the expenditures were made "expressly" for the purpose of lobbying on a particular piece of legislation, the true amount of lobbying activity remains distorted.

Herrmann stated that, "since 1982, the Commission has repeatedly called for reform to close the loophole to provide for full disclosure of lobbying activity."

"The law in its present form is not only unrealistic, but unenforceable," said Herrmann. "ELEC cannot possibly monitor lobbyist conversations to prove a reporting obligation."

In addition, quarterly reports of lobbying activity are filed separately with the Attorney General. "Consolidating filings would improve efficiency and effectiveness," stated Herrmann. He added, "administration and enforcement of the program should rest solely with ELEC so that lobbyists and the public alike do not have to divide their attention between two governmental entities."

"It should not be concluded from the decrease in reporting," Herrmann remarked, "that lobbyists are breaking a tough law but that they are merely complying more insightfully with a weak one."

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Expenditure Totals

	<u>1988</u>	<u>1989</u>	<u>Percentage Change</u>
Pro rata shares of salaries of legislative agents.	\$ 6,662,746	\$ 4,808,924	-28%
Allocated cost of salaries of support personnel.	726,374	704,550	- 3%
Disbursements for the preparation & distribution of materials.	330,939	353,973	+ 7%
Travel and lodging.	148,783	133,172	-11%
Fees and retainers paid to legislative agents.	2,425,991	2,374,634	- 2%
Membership dues and fees.	136,974	140,153	+ 2%
Expenditures for Legislators/ Governor/Staff.	23,493	29,728	+27%
Expenditures for specific events.	94,474	54,247	-43%
Total lobbying expenditures.	10,549,774	8,599,381	-18%